

P.L. 2018, CHAPTER 55, *approved July 3, 2018*
Senate, No. 5 (*Third Reprint*)

1 AN ACT concerning the management of the Police and Firemen's
2 Retirement System, amending various parts of the statutory law,
3 and repealing section 1 of P.L.1947, c.217.
4

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

7
8 1. Section 2 of P.L.1958, c.143 (C.43:3B-2) is amended to read
9 as follows:

10 2. The monthly retirement allowance or pension originally
11 granted to any retirant and the pension or survivorship benefit
12 originally granted to any beneficiary shall be adjusted in accordance
13 with the provisions of this act provided, however, that:

14 a. **the** The maximum retirement allowance, without option,
15 shall be considered the retirement allowance originally granted to
16 any retirant who, at retirement, elected an Option I allowance
17 pursuant to the provisions of the statutes stipulated in subsection b.
18 of section 1 of this act (C.43:3B-1); and b. the minimum pension
19 granted to any beneficiary stipulated in subsection d. (4) of section
20 1 of this act (C.43:3B-1), shall be considered the pension originally
21 granted to such beneficiary.

22 Pension adjustments shall not be paid to retirants or beneficiaries
23 who are not receiving their regular, full, monthly retirement
24 allowances, pensions or survivorship benefits. The adjustment
25 granted under the provisions of this act shall be effective only on
26 the first day of a month, shall be paid in monthly installments, and
27 shall not be decreased, increased, revoked or repealed except as
28 otherwise provided in this act. No adjustment shall be due to a
29 retirant or a beneficiary unless it constitutes a payment for an entire
30 month; provided, however, that an adjustment shall be payable for
31 the entire month in which the retirant or beneficiary dies.

32 Commencing with the effective date of P.L.2011, c.78 and
33 thereafter, no further adjustments to the monthly retirement
34 allowance or pension originally granted to any retirant and the

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SSG committee amendments adopted February 1, 2018.

²Senate floor amendments adopted March 26, 2018.

³Senate amendments adopted in accordance with Governor's recommendations June 7, 2018.

1 pension or survivorship benefit granted to any beneficiary shall be
2 made in accordance with the provisions of P.L.1958, c.143
3 (C.43:3B-1 et seq.), unless the adjustment is reactivated as
4 permitted by law. This provision shall not reduce the monthly
5 retirement benefit that a retirant or a beneficiary is receiving on the
6 effective date of P.L.2011, c.78 when the benefit includes an
7 adjustment granted prior to that effective date. The Board of
8 Trustees of the Police and Firemen's Retirement System may adjust
9 the monthly retirement allowance or pension of its retired members
10 in accordance with subsection b. of section 13 of P.L.1944, c.255
11 (C.43:16A-13).
12 (cf: P.L.2011, c.78, s.25)

13

14 2. Section 5 of P.L.1997, c.113 (C.43:3C-9.5) is amended to
15 read as follows:

16 5. a. For purposes of this section, a "non-forfeitable right to
17 receive benefits" means that the benefits program, for any employee
18 for whom the right has attached, cannot be reduced. The provisions
19 of this section shall not apply to post-retirement medical benefits
20 which are provided pursuant to law.

21 b. Vested members of the Teachers' Pension and Annuity Fund,
22 the Judicial Retirement System, the Prison Officers' Pension Fund,
23 the Public Employees' Retirement System, the Consolidated Police
24 and Firemen's Pension Fund, the Police and Firemen's Retirement
25 System, and the State Police Retirement System, upon the
26 attainment of five years of service credit in the retirement system or
27 fund or on the date of enactment of this bill, whichever is later,
28 shall have a non-forfeitable right to receive benefits as provided
29 under the laws governing the retirement system or fund upon the
30 attainment of five years of service credit in the retirement system or
31 fund or on the effective date of this act, whichever is later. This
32 subsection shall not be applicable to a person who becomes a
33 member of these systems or funds on or after the effective date of
34 P.L.2010, c.1, except that such person shall not include a person
35 who at the time of enrollment in the retirement system or fund on or
36 after that effective date transfers service credit, as permitted, from
37 another State-administered retirement system or fund of which the
38 person was a member immediately prior to the effective date and
39 continuously thereafter, but shall include a former member of the
40 retirement system or fund who has been granted a retirement
41 allowance and is reenrolled in the retirement system or fund on or
42 after that effective date after becoming employed again in a position
43 that makes the person eligible to be a member of the retirement
44 system.

45 c. (1) The State and all other applicable employers shall make
46 their annual normal contribution to each system or fund as
47 determined by the applicable board of trustees in consultation with
48 the system's or fund's actuary. The State and all other applicable

1 employers shall also make their annual unfunded accrued liability
2 contribution to each system or fund as determined by the applicable
3 board in consultation with the system's or fund's actuary, pursuant
4 to standard actuarial practices authorized by law, unless: (1) there
5 is no existing unfunded accrued liability contribution due to the
6 system or fund at the close of the valuation period applicable to the
7 upcoming fiscal year; or (2) there are excess valuation assets in
8 excess of the actuarial accrued liability of the system or fund at the
9 close of the valuation period applicable to the upcoming fiscal year.
10 The annual normal contribution plus the annual unfunded accrued
11 liability contribution shall together be the annual required
12 contribution, provided, however, that for the State, section 38 of
13 P.L.2010, c.1 (C.43:3C-14) shall apply with regard to the State's
14 annual required contribution. The amount of the State's annually
15 required contributions shall be included in all annual appropriations
16 acts as a dedicated line item.

17 (2) Each member of the Teachers' Pension and Annuity Fund,
18 the Judicial Retirement System, the Prison Officers' Pension Fund,
19 the Public Employees' Retirement System, the Consolidated Police
20 and Firemen's Pension Fund, the Police and Firemen's Retirement
21 System, and the State Police Retirement System shall have a
22 contractual right to the annual required contribution amount being
23 made by the member's employer or by any other public entity. The
24 contractual right to the annual required contribution means that the
25 employer or other public entity shall make the annual required
26 contribution on a timely basis to help ensure that the retirement
27 system is securely funded and that the retirement benefits to which
28 the members are entitled by statute and in consideration for their
29 public service and in compensation for their work will be paid upon
30 retirement. The failure of the State or any other public employer to
31 make the annually required contribution shall be deemed to be an
32 impairment of the contractual right of each employee. The Superior
33 Court, Law Division shall have jurisdiction over any action brought
34 by a member of any system or fund or any board of trustees to
35 enforce the contractual right set forth in this subsection. The State
36 and other public employers shall submit to the jurisdiction of the
37 Superior Court, Law Division and shall not assert sovereign
38 immunity in such an action. If a member or board prevails in
39 litigation to enforce the contractual right set forth in this subsection,
40 the court may award that party their reasonable attorney's fees.

41 d. This act shall not be construed to preclude forfeiture,
42 suspension or reduction in benefits for dishonorable service.

43 e. Except as expressly provided herein and only to the extent
44 so expressly provided, nothing in this act shall be deemed to (1)
45 limit the right of the State to alter, modify or amend such retirement
46 systems and funds, or (2) create in any member a right in the corpus
47 or management of a retirement system or pension fund. The rights
48 reserved to the State in this subsection shall not diminish the

1 contractual rights of employees established by subsections a., b.,
2 and c. of this section.

3 f. ¹["Noting"] Nothing¹ in the provisions of P.L. , c. (pending
4 before the Legislature as this bill) shall be interpreted to diminish
5 the non-forfeitable right to benefits provided to any member of the
6 Police and Firemen's Retirement System under State law or
7 affirmed by a ruling or holding of a court in the Judiciary Branch of
8 State government.

9 (cf: P.L.2011, c.78, s.26)

10

11 3. Section 33 of P.L.2011, c.78 (C.43:3C-17) is amended to
12 read as follows:

13 33. Whenever a committee of the Public Employees' Retirement
14 System, the Teachers' Pension and Annuity Fund, **["the Police and**
15 **Firemen's Retirement System,"]** or the State Police Retirement
16 System fails to render a decision on a matter before the committee
17 because it has not received a vote of the majority of the committee
18 members after 60 days have passed following the initial
19 consideration of the matter, the committee shall utilize a super
20 conciliator, randomly selected from a list developed by the New
21 Jersey Public Employment Relations Commission. The super
22 conciliator shall assist the committee based upon procedures and
23 subject to qualifications established by the commission pursuant to
24 regulation.

25 The super conciliator shall promptly schedule investigatory
26 proceedings. The purpose of the proceedings shall be to:

27 Investigate and acquire all relevant information regarding the
28 committee's failure to render a decision;

29 Discuss with the members of the committee their differences,
30 and utilize means and mechanisms, including but not limited to
31 requiring 24-hour per day negotiations, until a voluntary settlement
32 is reached, and provide recommendations to resolve the members'
33 differences; and

34 Institute any other non-binding procedures deemed appropriate
35 by the super conciliator.

36 If the actions taken by the super conciliator fail to resolve the
37 dispute, the super conciliator shall issue a final report, which shall
38 be provided to the committee promptly and made available to the
39 public within 10 days thereafter.

40 The super conciliator, while functioning in a mediatory capacity,
41 shall not be required to disclose any files, records, reports,
42 documents, or other papers classified as confidential which are
43 received or prepared by him or to testify with regard to mediation
44 conducted by him under this section. Nothing contained herein
45 shall exempt an individual from disclosing information relating to
46 the commission of a crime.

47 (cf: P.L.2011, c.78, s.33)

1 4. Section 60 of P.L.2011, c.78 (C.43:3C-18) is amended to
2 read as follows:

3 60. a. Notwithstanding any law, rule or regulation to the
4 contrary, the Teachers' Pension and Annuity Fund, established
5 pursuant to N.J.S.18A:66-1 et seq., the Judicial Retirement System,
6 established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the
7 Prison Officers' Pension Fund, established pursuant to P.L.1941,
8 c.220 (C.43:7-7 et seq.), the Public Employees' Retirement System,
9 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the
10 Consolidated Police and Firemen's Pension Fund, established
11 pursuant to R.S.43:16-1 et seq., the Police and Firemen's
12 Retirement System, established pursuant to P.L.1944, c.255
13 (C.43:16A-1 et seq.), and the State Police Retirement System,
14 established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.), are
15 established as qualified governmental defined benefit plans
16 pursuant to sections 401(a) and 414(d) of the federal Internal
17 Revenue Code of 1986 (26 U.S.C. ss.401(a) and 414(d)), as
18 amended, or such other provision of the federal Internal Revenue
19 Code, as applicable, regulations of the U.S. Treasury Department,
20 and other guidance of the federal Internal Revenue Service.

21 b. Notwithstanding any law, rule or regulation to the contrary,
22 the Alternate Benefit Program, established pursuant to P.L.1969,
23 c.242 (C.18A:66-167 et seq.), and the Defined Contribution
24 Retirement Program, established pursuant to P.L.2007, c.92
25 (C.43:15C-1 et seq.) are established as qualified governmental
26 defined contribution plans pursuant to sections 401(a) and 414(d) of
27 the federal Internal Revenue Code of 1986 (26 U.S.C. ss.401(a) and
28 414(d)), as amended, or such other provision of the federal Internal
29 Revenue Code, as applicable, regulations of the U.S. Treasury
30 Department, and other guidance of the federal Internal Revenue
31 Service.

32 c. Notwithstanding the provisions of any law, rule or regulation
33 to the contrary, the Director of the Division of Pensions and
34 Benefits in the Department of the Treasury, and in the case of the
35 Police and Firemen's Retirement System, the board of trustees of
36 that system, shall be authorized to modify the provisions of the
37 foregoing retirement plans, when a modification is required to
38 maintain the qualified status of the retirement plans under the
39 Internal Revenue Code of 1986, applicable regulations of the U.S.
40 Treasury Department or other guidance of the federal Internal
41 Revenue Service. Notwithstanding the provisions of the
42 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
43 seq.), the director, and in the case of the Police and Firemen's
44 Retirement System, the board, may modify the provisions of the
45 foregoing retirement plans, when a modification is required to
46 maintain the qualified status of the retirement plans by
47 promulgating a rule or regulation which shall be effective upon

1 filing with the Office of Administrative Law.
2 (cf: P.L.2011, c.78, s.60)

3

4 5. Section 1 of P.L.2015, c.180 (C.43:3C-25) is amended to
5 read as follows:

6 1. The Division of Pensions and Benefits in the Department of
7 the Treasury shall provide for the prompt notification in writing of
8 any member or retiree of the Teachers' Pension and Annuity Fund,
9 established pursuant to N.J.S.18A:66-1 et seq., the Judicial
10 Retirement System, established pursuant to P.L.1973, c.140
11 (C.43:6A-1 et seq.), the Public Employees' Retirement System,
12 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), **the**
13 **Police and Firemen's Retirement System, established pursuant to**
14 **P.L.1944, c.255 (C.43:16A-1 et seq.),** **the** State Police Retirement
15 System, established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.),
16 the Alternate Benefit Program, established pursuant to P.L.1969,
17 c.242 (C.18A:66-167 et seq.), and the Defined Contribution
18 Retirement Program, established pursuant to P.L.2007, c.92
19 (C.43:15C-1 et seq.), when the member or retiree submits a change
20 to the designation of beneficiary for contributory and non-
21 contributory group life insurance available to the member or retiree
22 through the system, that there is on file a judgment, court order,
23 decree, or other legal document for that member or retiree
24 specifically designating the beneficiary of such life insurance. The
25 Board of Trustees of the Police and Firemen's Retirement System
26 ³or its designee³ shall provide for the prompt notification in writing
27 of any member or retiree of the Police and Firemen's Retirement
28 System, established pursuant to P.L.1944, c.255 (C.43:16A-1 et
29 seq.), when the member or retiree submits a change to the
30 designation of beneficiary for contributory and non-contributory
31 group life insurance available to the member or retiree through the
32 system, that there is on file a judgment, court order, decree, or other
33 legal document for that member or retiree specifically designating
34 the beneficiary of such life insurance. The notification requirement
35 shall apply only when there is a valid judgment, court order, decree,
36 or other legal document that has been filed with the division or, in
37 the case of the Police and Firemen's Retirement System, the board
38 of trustees or its designee pursuant to the division's or board's
39 determination to accept and honor such a judgment, court order,
40 decree, or document and that has been reviewed, approved, or
41 classified as qualified by the division or the board or the board's
42 designee.

43 (cf: P.L.2015, c.180, s.1)

44

45 6. Section 19 of P.L.1992, c.125 (C.43:4B-1) is amended to
46 read as follows:

47 19. There is hereby established the Retirement Systems Actuary
48 Selection Committee which shall consist of the State Treasurer, and

1 the directors of the Divisions of Pensions and Benefits and
2 Investment, and Office of Management and Budget, or their
3 designated representatives, and one member designated by each of
4 the boards of trustees of the Public Employees' Retirement System
5 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.) **[,] and**
6 the Teachers' Pension and Annuity Fund established pursuant to
7 N.J.S.18A:66-1 et seq.**[,] and** the Police and Firemen's Retirement
8 System established pursuant to P.L.1944, c.255 (C.43:16A-1 et
9 seq.).**]** The committee shall select the actuary or actuaries for the
10 State retirement systems in accordance with the provisions of
11 P.L.1954, c.48 (C.52:34-6 et seq.), provided, however, that the
12 boards shall have the power to veto the selection of the actuary for
13 valid reason.

14 (cf: P.L.2011, c.78, s.24)

15

16 7. Section 1 of P.L.1944, c.255 (C.43:16A-1) is amended to
17 read as follows:

18 1. As used in this act:

19 (1) "Retirement system" or "system" shall mean the Police and
20 Firemen's Retirement System of New Jersey as defined in section 2
21 of this act.

22 (2) (a) "Policeman" shall mean a permanent, full-time employee
23 of a law enforcement unit as defined in section 2 of P.L.1961, c.56
24 (C.52:17B-67) or the State, other than an officer or trooper of the
25 Division of State Police whose position is covered by the State
26 Police Retirement System, whose primary duties include the
27 investigation, apprehension or detention of persons suspected or
28 convicted of violating the criminal laws of the State and who:

29 (i) is authorized to carry a firearm while engaged in the actual
30 performance of his official duties;

31 (ii) has police powers;

32 (iii) is required to complete successfully the training
33 requirements prescribed by P.L.1961, c.56 (C.52:17B-66 et seq.) or
34 comparable training requirements as determined by the board of
35 trustees; and

36 (iv) is subject to the physical and mental fitness requirements
37 applicable to the position of municipal police officer established by
38 an agency authorized to establish these requirements on a Statewide
39 basis, or comparable physical and mental fitness requirements as
40 determined by the board of trustees.

41 The term shall also include an administrative or supervisory
42 employee of a law enforcement unit or the State whose duties
43 include general or direct supervision of employees engaged in
44 investigation, apprehension or detention activities or training
45 responsibility for these employees and a requirement for
46 engagement in investigation, apprehension or detention activities if
47 necessary, and who is authorized to carry a firearm while in the
48 actual performance of his official duties and has police powers.

1 (b) "Fireman" shall mean a permanent, full-time employee of a
2 firefighting unit whose primary duties include the control and
3 extinguishment of fires and who is subject to the training and
4 physical and mental fitness requirements applicable to the position
5 of municipal firefighter established by an agency authorized to
6 establish these requirements on a Statewide basis, or comparable
7 training and physical and mental fitness requirements as determined
8 by the board of trustees. The term shall also include an
9 administrative or supervisory employee of a firefighting unit whose
10 duties include general or direct supervision of employees engaged
11 in fire control and extinguishment activities or training
12 responsibility for these employees and a requirement for
13 engagement in fire control and extinguishment activities if
14 necessary. As used in this paragraph, "firefighting unit" shall mean
15 a municipal fire department, a fire district, or an agency of a county
16 or the State which is responsible for control and extinguishment of
17 fires.

18 (3) "Member" shall mean any policeman or fireman included in
19 the membership of the retirement system pursuant to this
20 amendatory and supplementary act, P.L.1989, c.204 (C.43:16A-15.6
21 et al.).

22 (4) "Board of trustees" or "board" shall mean the board provided
23 for in section 13 of this act.

24 (5) "Medical board" shall mean the board of physicians
25 provided for in section 13 of this act.

26 (6) "Employer" shall mean the State of New Jersey, the county,
27 municipality or political subdivision thereof which pays the
28 particular policeman or fireman.

29 (7) "Service" shall mean service as a policeman or fireman paid
30 for by an employer.

31 (8) "Creditable service" shall mean service rendered for which
32 credit is allowed as provided under section 4 of this act.

33 (9) "Regular interest" shall mean interest as determined by the
34 **[State Treasurer, after consultation with the Directors of the**
35 **Divisions of Investment and Pensions, the]** ³**[board of trustees]**
36 State Treasurer³ **[and], after consultation with** the actuary. It shall
37 bear a reasonable relationship to the percentage rate of earnings on
38 investments based on the market value of assets but shall not exceed
39 the assumed percentage rate of increase applied to salaries plus 3%,
40 provided however that the board of trustees shall not set the average
41 percentage rate of increase applied to salaries below 6%. ³This rate
42 shall be distinct from any internally targeted rates used for
43 developing investment policy by the board of trustees pursuant to
44 section 13 of P.L.1944, c.255 (C.43:16A-13).³

45 (10) "Aggregate contributions" shall mean the sum of all the
46 amounts, deducted from the compensation of a member or

1 contributed by him or on his behalf, standing to the credit of his
2 individual account in the annuity savings fund.

3 (11) "Annuity" shall mean payments for life derived from the
4 aggregate contributions of a member.

5 (12) "Pension" shall mean payments for life derived from
6 contributions by the employer.

7 (13) "Retirement allowance" shall mean the pension plus the
8 annuity.

9 (14) "Earnable compensation" shall mean the full rate of the
10 salary that would be payable to an employee if he worked the full
11 normal working time for his position. In cases where salary
12 includes maintenance, the retirement system shall fix the value of
13 that part of the salary not paid in money which shall be considered
14 under this act.

15 (15) "Average final compensation" shall mean final
16 compensation.

17 (16) "Retirement" shall mean the termination of the member's
18 active service with a retirement allowance granted and paid under
19 the provisions of this act.

20 (17) "Annuity reserve" shall mean the present value of all
21 payments to be made on account of any annuity or benefit in lieu of
22 any annuity computed upon the basis of such mortality tables
23 recommended by the actuary as shall be adopted by the board of
24 trustees, and regular interest.

25 (18) "Pension reserve" shall mean the present value of all
26 payments to be made on account of any pension or benefit in lieu of
27 any pension computed upon the basis of such mortality tables
28 recommended by the actuary as shall be adopted by the board of
29 trustees, and regular interest.

30 (19) "Actuarial equivalent" shall mean a benefit of equal value
31 when computed upon the basis of such mortality tables
32 recommended by the actuary as shall be adopted by the board of
33 trustees, and regular interest.

34 (20) "Beneficiary" shall mean any person receiving a retirement
35 allowance or other benefit as provided by this act.

36 (21) "Child" shall mean a deceased member's or retirant's
37 unmarried child (a) under the age of 18, or (b) 18 years of age or
38 older and enrolled in a secondary school, or (c) under the age of 24
39 and enrolled in a degree program in an institution of higher
40 education for at least 12 credit hours in each semester, provided that
41 the member died in active service as a result of an accident met in
42 the actual performance of duty at some definite time and place, and
43 the death was not the result of the member's willful misconduct, or
44 (d) of any age who, at the time of the member's or retirant's death, is
45 disabled because of an intellectual disability or physical incapacity,
46 is unable to do any substantial, gainful work because of the
47 impairment and his impairment has lasted or can be expected to last

1 for a continuous period of not less than 12 months, as affirmed by
2 the medical board.

3 (22) "Parent" shall mean the parent of a member who was
4 receiving at least one-half of his support from the member in the
5 12-month period immediately preceding the member's death or the
6 accident which was the direct cause of the member's death. The
7 dependency of such a parent will be considered terminated by
8 marriage of the parent subsequent to the death of the member.

9 (23) (a) "Widower," for employees of the State, means the man
10 to whom a member or retirant was married, or a domestic partner as
11 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
12 her death and who has not since remarried or established a domestic
13 partnership. In the event of the payment of accidental death
14 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),
15 the restriction concerning remarriage or establishment of a domestic
16 partnership shall be waived.

17 (b) Subject to the provisions of paragraph (c) of this subsection,
18 "widower," for employees of public employers other than the State,
19 means the man to whom a member or retirant was married on the
20 date of her death and who has not remarried.

21 (c) A public employer other than the State may adopt a
22 resolution providing that the term "widower" as defined in
23 paragraph (b) of this subsection shall include domestic partners as
24 provided in paragraph (a) of this subsection.

25 (24) (a) "Widow," for employees of the State, means the woman
26 to whom a member or retirant was married, or a domestic partner as
27 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
28 his death and who has not since remarried or established a domestic
29 partnership. In the event of the payment of accidental death
30 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),
31 the restriction concerning remarriage or establishment of a domestic
32 partnership shall be waived.

33 (b) Subject to the provisions of paragraph (c) of this subsection,
34 "widow," for employees of public employers other than the State,
35 means the woman to whom a member or retirant was married on the
36 date of his death and who has not remarried.

37 (c) A public employer other than the State may adopt a
38 resolution providing that the term "widow" as defined in paragraph
39 (b) of this subsection shall include domestic partners as provided in
40 paragraph (a) of this subsection.

41 (25) "Fiscal year" shall mean any year commencing with July 1,
42 and ending with June 30, next following.

43 (26) (a) "Compensation" shall mean the base salary, for services
44 as a member as defined in this act, which is in accordance with
45 established salary policies of the member's employer for all
46 employees in the same position but shall not include individual
47 salary adjustments which are granted primarily in anticipation of

1 the member's retirement or additional remuneration for performing
2 temporary duties beyond the regular workday.

3 (b) In the case of a person who becomes a member of the
4 retirement system on or after the effective date of P.L.2010, c.1,
5 "compensation" means the amount of base salary equivalent to the
6 annual maximum wage contribution base for Social Security,
7 pursuant to the Federal Insurance Contributions Act, for services as
8 a member as defined in this act, which is in accordance with
9 established salary policies of the member's employer for all
10 employees in the same position but shall not include individual
11 salary adjustments which are granted primarily in anticipation of
12 the member's retirement or additional remuneration for performing
13 temporary duties beyond the regular workday.

14 (27) "Department" shall mean any police or fire department of a
15 municipality or a fire department of a fire district located in a
16 township or a county police or park police department or the
17 appropriate department of the State or instrumentality thereof.

18 (28) (a) "Final compensation" means the compensation received
19 by the member in the last 12 months of creditable service preceding
20 his retirement or death.

21 (b) In the case of a person who becomes a member of the
22 retirement system on or after the effective date of P.L.2010, c.1,
23 "final compensation" means the average annual compensation for
24 service for which contributions are made during any three fiscal
25 years of membership providing the largest possible benefit to the
26 member or the member's beneficiary.

27 (29) (Deleted by amendment, P.L.1992, c.78).

28 (30) (Deleted by amendment, P.L.1992, c.78).

29 (31) (a) "Spouse," for employees of the State, means the husband
30 or wife, or domestic partner as defined in section 3 of P.L.2003,
31 c.246 (C.26:8A-3), of a member.

32 (b) Subject to the provisions of paragraph (c) of this subsection,
33 "spouse," for employees of public employers other than the State,
34 means the husband or wife of a member.

35 (c) A public employer other than the State may adopt a
36 resolution providing that the term "spouse" as defined in paragraph
37 (b) of this subsection shall include domestic partners as provided in
38 paragraph (a) of this subsection.

39 (cf: P.L.2010, c.50, s.74)

40

41 8. Section 2 of P.L.1944, c.255 (C.43:16A-2) is amended to
42 read as follows:

43 2. A retirement system is hereby established in the **Division of**
44 **Pensions of the** Department of the Treasury for the purpose of
45 providing retirement allowances and other benefits for policemen
46 and firemen under the provisions of this act. It shall have the
47 powers and privileges of a corporation and shall be known as "The
48 Police and Firemen's Retirement System of New Jersey" and by

1 such name all of its business shall be transacted, all of its funds
2 invested, and all of its cash and securities and property held in trust
3 for the purpose for which received.

4 (cf: P.L.1967, c.250, s.2)

5

6 9. Section 1 of P.L.1976, c.134 (C.43:16A-3.5) is amended to
7 read as follows:

8 1. Any member of the Police and Firemen's Retirement System
9 of New Jersey who has been or shall be elected to the position of
10 sheriff or who has accepted or shall accept appointment to the office
11 or position of undersheriff may, by written notification to the
12 **【Director of the Division of Pensions】** board of trustees and the
13 county treasurer, elect to continue to be a member of the retirement
14 system while serving as sheriff or undersheriff and shall be deemed
15 to have waived any and all benefits to which he would otherwise be
16 entitled by eligibility for membership in the Public Employees'
17 Retirement System. The county treasurer shall make deductions
18 from the salary of the sheriff or undersheriff and contributions on
19 his behalf to the Police and Firemen's Retirement System as is
20 required by law for members of that system.

21 (cf: P.L.1976, c.134, s.1)

22

23 10. Section 3 of P.L.1983, c.439 (C.43:16A-3.7) is amended to
24 read as follows:

25 3. Any officer eligible to become a member pursuant to the
26 amendatory provisions of this act who is enrolled in the Public
27 Employees' Retirement System (P.L.1954, c.84, C. 43:15A-1 et
28 seq.) or any county pension fund established under Title 43 of the
29 Revised Statutes shall be permitted to transfer membership from the
30 aforesaid system or fund to the Police and Firemen's Retirement
31 System of New Jersey in accordance with the provisions of
32 P.L.1973, c.156 (C. 43:16A-62 et seq.) and upon a lump sum
33 payment into the Police and Firemen's Retirement System annuity
34 savings fund of the amount of the difference between the
35 contribution which was paid as a member of the Public Employees'
36 Retirement System or county pension fund and the contribution
37 that would have been required if he had been a member of the
38 Police and Firemen's Retirement System since the date of last
39 enrolling in the Public Employees' Retirement System or a county
40 pension fund. In addition, the employee shall be liable for any
41 payment to the retirement system that the employer would have
42 been required to make on behalf of the member for the purchase of
43 such credit; this payment may be made in regular monthly
44 installments or in a lump sum, as the employee may elect, and
45 pursuant to rules and regulations as may be promulgated by the
46 **【Division of Pensions】** board of trustees.

47 Whenever in P.L.1973, c.156 a period of time is set which is to
48 be calculated from the effective date of said act, such time shall be

1 calculated from the effective date of this amendatory and
2 supplementary act for the purposes hereof.

3 (cf: P.L.1983, c.439, s.3)

4

5 11. Section 6 of P.L.2000, c.127 (C.43:16A-11.7a) is amended
6 to read as follows:

7 6. The Adjutant General of the Department of Military and
8 Veterans' Affairs shall be responsible for determining whether any
9 person seeking to be considered a "veteran" under section 1 of
10 P.L.1983, c.391 (C.43:16A-11.7), for the purpose of purchasing
11 military service credit, meets the criteria set forth therein and
12 adjudicating an appeal from any person disputing this
13 determination. The determination of the Adjutant General shall be
14 binding upon the **【Division of Pensions and Benefits】** board of
15 trustees.

16 (cf: P.L.2000, c.127, s.6)

17

18 12. Section 1 of P.L.1985, c.450 (C.43:16A-11.9) is amended to
19 read as follows:

20 1. Any member of the Police and Firemen's Retirement System
21 of New Jersey who has at least 20 years of creditable service in the
22 retirement system and who leaves a position covered by the
23 retirement system, with the approval of the employer, to take a full-
24 time position with a. a federal agency, b. an agency of another state
25 or local government thereof, c. a national, regional, statewide,
26 areawide or metropolitan organization representing member state or
27 local governments, d. an association of state or local public
28 officials, or e. a nonprofit organization which has as one of its
29 principal functions the offering of professional advisory, research,
30 educational or development services, or related services, to
31 governments or universities concerned with public management,
32 may, upon filing an application with the board of trustees of the
33 retirement system, purchase credit in the retirement system for all
34 or a portion of the time of service with the public agency or private
35 organization, but not exceeding three years, as provided in this act.

36 The member may purchase credit for the service by paying into
37 the annuity savings fund the amount determined by applying the
38 factor, supplied by the actuary, applicable to his age at the time of
39 the purchase, to his creditable salary in the last 12 months of
40 creditable service in the position covered by the retirement system
41 immediately preceding the service with the public agency or private
42 organization. The purchase may be made in regular monthly
43 installments or in a lump sum as the member may elect and
44 pursuant to rules and regulations as may be promulgated by the
45 **【Division of Pensions】** board of trustees. The member shall bear
46 the entire cost for the additional retirement benefit attributable to
47 the purchased credit. If, upon retirement, the member's payment for
48 purchase of the credit is insufficient to provide for the additional

1 retirement benefit attributable to the service, the difference may be
2 assessed to the member, or a pro rata credit may be granted based
3 on service purchased prior to the date of retirement, at the election
4 of the member.

5 If the member retires prior to completing the purchase, he will
6 receive pro rata credit for service purchased prior to the date of
7 retirement, unless he makes an additional lump sum payment at that
8 time as will be necessary to provide full credit.

9 The purchase may be made within four years of the date of the
10 member's last contribution to the retirement system in the covered
11 position immediately preceding the service with the public agency
12 or private organization.

13 (cf: P.L.1985, c.450, s.1)

14

15 13. Section 1 of P.L.1999, c.338 (C.43:16A-11.13) is amended
16 to read as follows:

17 1. Notwithstanding the provisions of section 4 of P.L.1944,
18 c.255 (C.43:16A-4), any member who is separated involuntarily
19 from the police service covered by the retirement system, and not
20 by removal for cause or charges of misconduct or delinquency, and
21 who subsequently becomes a police service employee covered by
22 the retirement system may, upon filing an application with the
23 board of trustees of the retirement system, purchase credit in the
24 retirement system for all or a portion of the time of the hiatus in
25 creditable service, but not exceeding three years, as provided in this
26 section.

27 The member may purchase credit for the service by paying into
28 the annuity savings fund the amount determined by applying the
29 factor, supplied by the actuary, applicable to his age at the time of
30 the purchase, to his creditable salary in the last 12 months of
31 creditable service in the position covered by the retirement system
32 immediately preceding the involuntary separation from service. The
33 purchase may be made in regular monthly installments or in a lump
34 sum as the member may elect and pursuant to rules and regulations
35 as may be promulgated by the **【Division of Pensions and Benefits】**
36 board of trustees. The member shall bear the entire cost for the
37 additional retirement benefit attributable to the purchased credit. If,
38 upon retirement, the member's payment for purchase of the credit is
39 insufficient to provide for the additional retirement benefit
40 attributable to the service, the difference may be assessed to the
41 member, or a pro rata credit may be granted based on service
42 purchased prior to the date of retirement, at the election of the
43 member.

44 If the member retires prior to completing the purchase, he will
45 receive pro rata credit for service purchased prior to the date of
46 retirement, unless he makes an additional lump sum payment at that
47 time as will be necessary to provide full credit.

48 (cf: P.L.1999, c.338, s.1)

1 14. Section 1 of P.L.2001, c.228 (C.43:16A-11.14) is amended
2 to read as follows:

3 1. Notwithstanding the provisions of section 4 of P.L.1944,
4 c.255 (C.43:16A-4), any member who is separated involuntarily
5 from firefighting service covered by the retirement system, and not
6 by removal for cause or charges of misconduct or delinquency, and
7 who subsequently becomes a fireman in a position covered by the
8 retirement system may, upon filing an application with the board of
9 trustees of the retirement system, purchase credit in the retirement
10 system for all or a portion of the time of the hiatus in creditable
11 service, but not exceeding three years, as provided in this section.

12 The member may purchase credit for the service by paying into
13 the annuity savings fund the amount determined by applying the
14 factor, supplied by the actuary, applicable to the member's age at
15 the time of the purchase, to the member's creditable salary in the
16 last 12 months of creditable service in the position covered by the
17 retirement system immediately preceding the involuntary separation
18 from service. The purchase may be made in regular monthly
19 installments or in a lump sum as the member may elect and
20 pursuant to rules and regulations as may be promulgated by the
21 **【Division of Pensions and Benefits】** board of trustees. The member
22 shall bear the entire cost for the additional retirement benefit
23 attributable to the purchased credit. If, upon retirement, the
24 member's payment for purchase of the credit is insufficient to
25 provide for the additional retirement benefit attributable to the
26 service, the difference may be assessed to the member, or a pro rata
27 credit may be granted based on service purchased prior to the date
28 of retirement, at the election of the member.

29 If the member retires prior to completing the purchase, the
30 member shall receive pro rata credit for service purchased prior to
31 the date of retirement, unless the member makes an additional lump
32 sum payment at that time as shall be necessary to provide full
33 credit.

34 (cf: P.L.2001, c.228, s.1)

35

36 15. Section 13 of P.L.1944, c.255 (C.43:16A-13) is amended to
37 read as follows:

38 13. a. (1) Subject to the provisions of P.L.1955, c.70 (C.52:18A-
39 95 et seq.), the general responsibility for the proper operation of the
40 retirement system is hereby vested in a board of trustees **【**, and, as
41 specified, the committees established pursuant to subsection b. of
42 this section**】** ³, and, as specified, the committees established
43 pursuant to subsection e. of this subsection³. The board may ³with
44 the approval of at least eight members of the board³, in its
45 discretion and at such time and in such manner as the board
46 determines, enhance any benefit set forth in P.L.1944, c.255
47 (C.43:16A-1 et seq.) as the board determines to be reasonable and

1 appropriate or modify any such benefit as an alternative to an
2 increase in the member contribution rate, which increase the board
3 determines to be reasonable, necessary, and appropriate, or
4 reinstate, when appropriate, such reduced benefit to the statutory
5 level without an additional contribution by the member ³, so long as
6 an actuarial certification provided by the actuary demonstrates that
7 such change will not result in an increased employer contribution in
8 the current year and that such change will not impact the long term
9 viability of the fund³. The board shall act exclusively on behalf of
10 the contributing employers, active members of the retirement
11 system, and retired members as the fiduciary of the system. The
12 primary obligation of the board shall be to direct policies and
13 investments to achieve and maintain the full funding and
14 continuation of the retirement system for the exclusive benefit of its
15 members.

16 (2) The board shall consist of **【11】** 12 trustees as follows:

17 (a) **【Five members to be appointed by the Governor, with the**
18 **advice and consent of the Senate, who shall serve for a term of**
19 **office of four years and until their successors are appointed and**
20 **who shall be private citizens of the State of New Jersey who are**
21 **neither an officer thereof nor an active or retired member of any**
22 **police or fire department thereof. Of the four members initially**
23 **appointed by the Governor pursuant to P.L.1992, c.125 (C.43:4B-1**
24 **et al.), one shall be appointed for a term of one year, one for a term**
25 **of two years, one for a term of three years, and one for a term of**
26 **four years. The member appointed by the Governor pursuant to the**
27 **provisions of this amendatory act, P.L.1995, c.238, shall serve for a**
28 **term of four years and until a successor is appointed.】** (Deleted by
29 amendment, P.L. , c.) (pending before the Legislature as this
30 bill)

31 (b) **【The State Treasurer or the deputy State Treasurer, when**
32 **designated for that purpose by the State Treasurer.】** (Deleted by
33 amendment, P.L. , c.) (pending before the Legislature as this
34 bill)

35 (c) Three active policemen and three active firemen as follows:

36 (i) Two policemen and two firemen who shall be active
37 members of the system and who shall be appointed as follows:

38 one policeman shall be appointed by the President of the New
39 Jersey State Policemen's Benevolent Association;

40 one policeman shall be appointed by the President of the New
41 Jersey State Fraternal Order of Police;

42 one fireman shall be appointed by the President of the New
43 Jersey State Firemen's Mutual Benevolent Association; and

44 one fireman shall be appointed by the President of the
45 Professional Firefighters Association of New Jersey.

46 (ii) One policeman and one fireman who shall serve staggered
47 terms and shall be active members of the system and who shall be

1 elected by the active members of the system ~~for a term of four~~
2 ~~years~~ according to such rules and regulations as the board of
3 trustees shall adopt to govern such election. The elected policeman
4 shall serve for an initial term of two years and the elected fireman
5 shall serve for an initial term of four years. Following their first
6 term, all trustees elected pursuant to this subparagraph shall serve
7 four-year terms. An election to select trustees, who are active
8 members of the system, shall be held no later than the first day of
9 the fifth month next following the date of enactment of
10 P.L. , c. (pending before the Legislature as this bill).

11 (d) One retiree from the system who shall be elected by retirees
12 from the system for a term of four years according to such rules and
13 regulations as the board of trustees shall adopt to govern the
14 election. An election to select a trustee, who is a retiree from the
15 system, shall be held no later than the first day of the fifth month
16 next following the date of enactment of P.L. , c. (pending before
17 the Legislature as this bill).

18 (e) Four trustees, to be appointed by the Governor, who shall
19 serve staggered terms and who either hold, or have held, an elective
20 public office as a mayor, member of a municipal council, or
21 member of a board of chosen freeholders or is employed, or has
22 been employed, by a municipal or county government as an
23 administrator, manager, or chief financial officer, to represent the
24 interests of local government employers. The Governor shall
25 appoint trustees pursuant to this subparagraph from among a list of
26 names submitted by the New Jersey League of Municipalities and
27 the New Jersey Association of Counties. Two trustees appointed by
28 the Governor pursuant to this subparagraph shall serve for an initial
29 term of two years and two trustees shall serve for an initial term of
30 four years. Following their first term, all trustees appointed
31 pursuant to this subparagraph shall serve four-year terms. The
32 Governor shall appoint trustees representing the interest of local
33 government employers pursuant to this subparagraph no later than
34 the first day of the seventh month next following the date of
35 enactment of P.L. , c. (pending before the Legislature as this
36 bill).

37 (f) One trustee, to be appointed by the Governor, who holds or
38 has held a management or supervisory position in the Executive
39 Branch of State government at the level of division director or
40 above to represent the interests of State government. The trustee
41 appointed by the Governor pursuant to this subparagraph shall serve
42 for an initial term of two years. Following the trustee's first term,
43 the trustee appointed pursuant to this subparagraph shall serve four-
44 year terms. The Governor shall appoint a trustee representing the
45 interest of State government pursuant to this subparagraph no later
46 than the first day of the seventh month next following the date of
47 enactment of P.L. , c. (pending before the Legislature as this
48 bill).

1 (3) Each trustee shall, after his appointment or election, take an
2 oath of office that, so far as it devolves upon him he will diligently
3 and honestly fulfill his duties as a board member, and that he will
4 not knowingly violate or willingly permit to be violated any of the
5 provisions of the law applicable to the retirement system. Such oath
6 shall be subscribed by the member making it, and certified by the
7 officer before whom it is taken, and immediately filed in the office
8 of the Secretary of State. The board may remove a trustee, upon a
9 majority vote of the trustees, for violating the trustee's oath of
10 office. Any trustee who is absent, without an official excuse
11 approved by a majority vote of the trustees, for more than three of
12 the board's meetings in any calendar year shall be removed from
13 the board and the trustee's position shall be filled in the same
14 manner as the position was previously filled. The board shall adopt
15 standards to define unexcused absences.

16 A member shall be permitted to participate in meetings of the
17 board by teleconference.

18 (4) (a) If a vacancy occurs in the office of a trustee, the vacancy
19 shall be filled in the same manner as the office was previously
20 filled. A vacancy shall not last more than 60 days, unless the board
21 is awaiting the certification of an election conducted pursuant to
22 paragraph (2) of this subsection. If a vacancy lasts for more than 60
23 days, then the board shall appoint, upon a majority vote of the
24 trustees then serving, a person qualified pursuant to subparagraph
25 (e) or (f) of paragraph (2) of this subsection to fill the vacancy until
26 a new trustee is appointed or elected in the manner set forth in
27 paragraph (2) of this subsection.

28 (b) A trustee serving pursuant to subparagraph (c) of paragraph
29 (2) of this subsection who retires from active service as policeman
30 or fireman may remain a trustee until an election is held to replace
31 the trustee. An election to replace a trustee serving pursuant to part
32 (ii) of subparagraph (c) of paragraph (2) of this subsection who
33 retires from active service shall be held no later than 30 days
34 following the effective date of the trustee's retirement and the
35 trustee shall relinquish the position on the board upon certification
36 of the results of the election.

37 (c) Trustees appointed pursuant to part (i) of subparagraph (c) of
38 paragraph (2) of this subsection shall serve at the pleasure of the
39 official who appointed the trustee, but may be removed pursuant to
40 paragraph (3) of this subsection.

41 (5) The trustees shall serve without compensation, but they shall
42 be reimbursed for all necessary expenses that they may incur
43 through service on the board.

44 (6) Each trustee shall be entitled to one vote in the board. **【Six】**
45 **Seven** trustees **【must】 shall** be present at any meeting of said board
46 for the transaction of its business.

47 (7) Subject to the limitations of this act, the board of trustees
48 shall annually establish rules and regulations for the administration

1 of the funds created by this act and for the transaction of the board's
2 **【and committees'】** business. **【Such rules and regulations shall be**
3 consistent with those adopted by the other pension funds within the
4 Division of Pensions and Benefits in order to permit the most
5 economical and uniform administration of all such retirement
6 systems. The committees shall adopt such regulations as provided
7 in subsection b. of this section. **】**

8 (8) ³(a)³ The board of trustees shall elect from its membership a
9 **【chairman】** chair and vice chair. The chair, or vice chair in the
10 chair's absence, shall serve as the primary contact with board staff,
11 coordinate and approve meeting agendas, and shall have the power
12 to authorize any special staff action necessary to execute any of the
13 board's duties. ¹The chair and vice chair shall not have the
14 authority to discipline or discharge an employee of the board unless
15 authorized to take such action by a majority of the trustees at a
16 public meeting. ¹ The **【Director of the Division of Pensions and**
17 **Benefits】** board shall appoint a **【qualified employee of the division**
18 **to be】** secretary of the board. The administration of the program
19 shall be performed by **【the】** personnel **【of the Division of Pensions**
20 **and Benefits】** selected by the board in accordance with this section.
21 The board, reconstituted pursuant to P.L., c., (pending before
22 the Legislature as this bill), shall hold an initial meeting on the first
23 business day of the seventh month following the date of enactment
24 of P.L., c., (pending before the Legislature as this bill). At the
25 initial meeting of the board on the first business day of the seventh
26 month next following the date of enactment of P.L., c. (pending
27 before the Legislature as this bill), the board shall contract with the
28 Division of Pensions and Benefits for the division to perform the
29 administrative tasks that the division performed prior to the
30 enactment of P.L., c. (pending before the Legislature as this
31 bill) and such other tasks as the board may require. The division
32 shall receive compensation from the board for the performance of
33 the administrative tasks that the division performed prior to the
34 enactment of P.L., c. (pending before the Legislature as this
35 bill) in an amount equal to the cost the division incurred for the
36 performance of those administrative tasks prior to the enactment of
37 that act. At the expiration of the term of the contract negotiated by
38 the board with the division pursuant to this paragraph, the board
39 may contract with the division or with a private entity, pursuant to
40 the provisions of P.L.1954, c.48 (C.52:34-6 et seq.), to perform
41 administrative tasks that the board determines to be necessary or
42 convenient for its operation.

43 ³(b) A majority of the authorized membership of the board shall
44 constitute a quorum for the transaction of business. ³

45 (9) The board of trustees shall keep a record of all of its
46 proceedings which shall be open to public inspection. The
47 retirement system shall publish annually a report showing the fiscal

1 transactions of the retirement system for the preceding year, the
2 amount of the accumulated cash and securities of the system, and
3 the last balance sheet showing the financial condition of the system
4 by means of an actuarial valuation of the assets and liabilities of the
5 retirement system.

6 (10) The board of trustees may, in its discretion, select and
7 employ, or contract with, legal counsel ¹with demonstrated
8 expertise in the law governing retirement systems for public or
9 private sector employees¹ to advise and represent the board. If the
10 board does not select and employ, or contract with, legal counsel,
11 the Attorney General of the State of New Jersey shall be the legal
12 adviser of the retirement system, except [that] if the Attorney
13 General determines that a conflict of interest would affect the
14 ability of the Attorney General to represent the board or the
15 committees on a matter affecting the retirement system [, the board
16 may select and employ legal counsel to advise and represent the
17 board or the committees on that matter].

18 (11) The **[State Treasurer]** board of trustees shall designate a
19 medical board **[after consultation with the Director of the Division**
20 **of Pensions and Benefits, subject to veto by the board of trustees for**
21 **valid reason]**. It shall be composed of a minimum of three
22 physicians who are not eligible to participate in the retirement
23 system. The medical board shall pass upon all medical examinations
24 required under the provisions of this act, shall investigate all
25 essential statements and certificates by or on behalf of a member in
26 connection with an application for disability retirement, and shall
27 report in writing to the retirement system its conclusions and
28 recommendations upon all matters referred to it.

29 (12) The actuary of the system shall be selected by the
30 **[Retirement Systems Actuary Selection Committee established by**
31 **P.L.1992, c.125. He]** board of trustees. The actuary shall be the
32 technical adviser of the board of trustees [and the committees]
33 on matters regarding the operation of the funds created by the
34 provisions of this act, and shall perform such other duties as are
35 required in connection therewith. ¹The actuary ³[may be an
36 employee of the board or] shall be³ an independent contractor
37 retained by the board. The actuary shall have demonstrated
38 experience in providing actuarial services to defined benefit
39 retirement systems for public employees ³and be a fellow with the
40 Society of Actuaries and an active member of the American
41 Academy of Actuaries^{3,1}

42 (13) The board of trustees, in consultation with the actuary, shall
43 establish actuarial funding policies for the system. At least once in
44 each three-year period the actuary shall make an actuarial
45 investigation into the mortality, service and compensation
46 experience of the members and beneficiaries of the retirement

1 system and, with the advice of the actuary, the board of trustees
2 shall adopt for the retirement system such mortality, service and
3 other tables as shall be deemed necessary and shall certify the rates
4 of contribution payable under the provisions of this act. The board
5 of trustees shall retain an independent actuary ², as selected by the
6 State Treasurer,² ¹with demonstrated experience in providing
7 actuarial services to retirement systems for public or private sector
8 employees¹ to review prior investigations into the mortality,
9 service, and compensation experience of the members and
10 beneficiaries of the retirement system and to review the three prior
11 actuarial valuations to certify that the actuary of the retirement
12 system conducted the investigations and valuations in accordance
13 with generally accepted actuarial standards.

14 (14) (Deleted by amendment, P.L.1970, c.57.)

15 (15) On the basis of such tables recommended by the actuary as
16 the board of trustees shall adopt and regular interest, the actuary
17 shall make an annual valuation of the assets and liability of the
18 funds of the system created by this act.

19 (16) (Deleted by amendment, P.L.1987, c.330.)

20 (17) Each policeman or fireman member of the board of trustees
21 or the committees shall be entitled to time off from his duty, with
22 pay, during the periods of his attendance upon regular or special
23 meetings of the board of trustees or the committees, and such time
24 off shall include reasonable travel time required in connection
25 therewith.

26 (18) The board of trustees shall have a minimum of one meeting
27 each calendar month.

28 (19) The board of trustees shall have authority to ³[invest and
29 reinvest the moneys in, and to acquire for or on behalf of the funds
30 of, the board. The board shall formulate and establish, and may
31 from time to time amend, modify, or repeal, such policies,
32 objectives or guidelines as it may deem necessary and proper to
33 govern the decisions, actions, methods, practices, or procedures for
34 investment, reinvestment, purchase, sale, or exchange transactions
35 of the board] formulate and establish, amend, modify or repeal such
36 policies as it may deem necessary or proper, which shall govern the
37 methods, practices or procedures for investment, reinvestment,
38 purchase, sale or exchange transactions to be followed by the
39 Division of Investment. The board may also review and approve
40 agreements which may be necessary or convenient for the
41 management of the investments of the retirement system. The board
42 shall also have the authority to inspect and audit the respective
43 accounts and funds administered by the Division of Investment, or a
44 successor entity, and take appropriate action as necessary to
45 effectuate the long term viability of the system. Notwithstanding
46 this provision, Common Pension Fund L and the assets held by
47 Common Pension Fund L as of the effective date of this Act and

1 thereafter, including the interest of the Police and Firemen's
2 Retirement System of New Jersey therein, shall remain within the
3 Division of Investment. The Director of the Division of Investment
4 and the State Investment Council shall retain all functions, powers,
5 and duties relating to Common Pension Fund L assigned to the
6 Division of Investment, the Director of the Division of Investment,
7 and the State Investment Council by P.L. 2017, c. 98 (C.5:9-22.5 et
8 seq.)³. (20) (a) The board of trustees shall select and employ an
9 executive director, who shall be responsible for ³recommending and
10 implementing³ the strategic direction of the board from an
11 ³[investment and]³ operational perspective. The executive director
12 shall provide strategic direction, planning, and leadership to the
13 board; organize, develop, and supervise a management team to
14 provide optimal ³[investment]³ results; maintain oversight of
15 ³[investment and]³ administrative operations conducted by the
16 board; develop an annual budget and a salary and compensation
17 guide for any managerial positions that are not subject to Title 11A,
18 Civil Service, of the New Jersey Statutes, arrange board agendas
19 with the approval of the board's chair; appoint administrative staff;
20 ³[conduct the executive and administrative functions of the
21 Investment Committee;]³ execute contracts on behalf of the board;
22 and perform any other responsibilities designated to the executive
23 director by the board.

24 The person employed by the board to hold the position of
25 executive director shall have, at a minimum upon commencement
26 of employment, a bachelor's degree from an accredited institution
27 of higher education, and at least five years of management
28 experience in accounting, finance, public administration,
29 government pension and retirement planning , investment banking,
30 financial consulting, money management, or a similar field. The
31 person shall meet all other requirements for employment as shall be
32 set forth in a standard adopted by the board. No member, retiree, or
33 other beneficiary of the system shall be eligible to hold the position
34 of executive director.

35 ³The executive director shall serve without term but may be
36 removed from office, upon notice and opportunity to be heard at a
37 public hearing, subject to an affirmative vote of the majority of all
38 authorized members of the board of trustees. Any vacancy
39 occurring shall be filled in the same manner as the original
40 appointment. The executive director shall devote his entire time and
41 attention to the duties of the office and shall not be engaged in any
42 other occupation or profession. The executive director shall act as a
43 fiduciary to the retirement system and shall be under a duty to
44 perform the obligations set forth herein according to the interest of
45 the beneficiaries of the system.³

46 (b) The board of trustees shall have the authority to retain other
47 administrative and professional staff as required to implement the

1 duties and responsibilities required to ensure the smooth transition
2 of responsibilities and authority from the division to the board
3 pursuant to P.L. , c. (pending before the Legislature as this bill).

4 ¹The board shall not employ a trustee and may employ a former
5 trustee only if the former trustee has not held the position of trustee
6 for more than two years.¹

7 (c) The board of trustees shall be authorized to access operating
8 funds from the system necessary for the management of the fund
9 and to employ staff immediately upon their election and
10 appointment, provided that the qualified status of the retirement
11 system under federal law is maintained.

12 (21) (a) The board of trustees shall select and employ a chief
13 investment officer, who shall oversee the ³[management of funds
14 and investments with the State or private companies, coordinate the
15 transfer of assets from the State Treasurer, State Investment
16 Council, and Division of Investment to the board, and decide the
17 manner in which funds shall be invested] development of the
18 methods, practices and procedures for investment, in coordination
19 with the Investment Committee. Notwithstanding this provision,
20 Common Pension Fund L and the assets held by Common Pension
21 Fund L as of the effective date of this Act and thereafter, including
22 the interest of the Police and Firemen's Retirement System of New
23 Jersey therein shall remain within the Division of Investment. The
24 Division of Investment and the Director of the Division of
25 Investment and the State Investment Council shall retain all
26 functions, powers, and duties relating to Common Pension Fund L
27 assigned to the Division of Investment, the Director of the Division
28 of Investment, and the State Investment Council by P.L. 2017, c. 98
29 (C.5:9-22.5 et seq.)³. The chief investment officer ³, in
30 coordination with the Investment Committee,³ shall establish and
31 maintain a policy to monitor and evaluate the effectiveness of
32 ³[securities transactions executed] investments made³ on behalf of
33 the board. The chief investment officer shall report to the executive
34 director.

35 The person employed by the board to hold the position of chief
36 investment officer shall have, at a minimum upon commencement
37 of employment, a bachelor's degree from an accredited institution
38 of higher education, and at least five years of management
39 experience ^{3,3} in ³addition to³ accounting, finance, public
40 administration, government pension and retirement planning,
41 investment banking, financial consulting, money management, or a
42 similar field. ³The person shall also have experience in the direct
43 management, analysis, supervision or investment of assets.³ The
44 person shall meet all other requirements for employment as shall be
45 set forth in a standard adopted by the board. No member, retiree, or
46 other beneficiary of the system shall be eligible to hold the position

1 of chief investment officer. ³The chief investment officer shall be
2 precluded from outside employment or other occupation. ³

3 (b) The board of trustees may make and execute agreements
4 pursuant to the provisions of P.L.1954, c.48 (C.52:34-6 et seq.),
5 which may be necessary or convenient for the management of the
6 investments of the retirement system. ³The board shall also have
7 the authority to inspect and audit the respective accounts and funds
8 administered by the Division of Investment, or a successor entity,
9 and take appropriate action as necessary to effectuate the long term
10 viability of the system. ³

11 (22) The board of trustees shall select and employ an
12 ombudsman, who shall provide individual death and disability
13 consultation and information to plan members and their dependents;
14 answer questions from, and provide information to, members
15 related to the process of applying for retirement and retirement
16 benefits; coordinate with other State and local agencies on behalf of
17 members; maintain federal, State, and local death and disability
18 benefit resources; recommend policy changes to the board; conduct
19 educational presentations for employers on death and disability
20 benefit options for members; and publish information about the
21 organization of the board for members, employers, and the public.

22 (23) All members of the board of trustees and of the Investment
23 Committee shall participate in annual investment training as
24 directed by the board's executive director. ¹In addition to the ethics
25 training required by paragraph (2) of subsection c. of this section,
26 the board shall adopt a policy requiring annually not less than 16
27 hours of continuing education in matters relating to the
28 administration of defined benefit retirement systems for public
29 employees and the fiduciary duty the board and its employees have
30 to the beneficiaries of the retirement system. ¹

31 b. **【**There are established two committees, to be composed of
32 10 members each as follows, one for the State employees part of the
33 retirement system and one for the part of the retirement system with
34 employees of employers other than the State.

35 Each committee shall have five members who shall be appointed
36 by the Governor as representatives of public employers whose
37 employees are enrolled in the retirement system, two members who
38 shall be appointed by the head of the union representing the greatest
39 number of police officer members of the retirement system having
40 union membership, one member who shall be appointed by the head
41 of the union representing the second greatest number of police
42 officer members of the retirement system having union
43 membership, one member who shall be appointed by the head of the
44 union representing the greatest number of firefighter members of
45 the retirement system having union membership, and one member
46 who shall be appointed by the head of the union representing the
47 second greatest number of firefighter members of the retirement

1 system having union membership. The members of the committees
2 shall not be appointed until that part of the system attains the target
3 funded ratio.

4 The members of each committee shall serve for a term of three
5 years and until a successor is appointed and qualified. For each
6 committee, of the initial appointments by the Governor, two
7 members shall serve for two years and until a successor is appointed
8 and qualified, and two shall serve for one year and until a successor
9 is appointed and qualified. For each committee, of the initial
10 appointments by the head of the union representing the greatest
11 number of police officer members of the retirement system, the
12 members shall serve for two years and until a successor is appointed
13 and qualified. For each committee, of the initial appointment by the
14 head of the union representing the greatest number of firefighter
15 members of the retirement system, the member shall serve for one
16 year and until a successor is appointed and qualified.

17 For each committee, the members of the committee shall select a
18 chairperson from among the members, who shall serve for a term of
19 one year, with no member serving more than one term until all the
20 members of the committee have served a term in a manner
21 alternating among the employer representatives and employee
22 representatives, unless the committee determines otherwise with
23 regard to this process.

24 The provisions of paragraphs (3) through (6), inclusive, and (17)
25 of subsection a. of this section, and subsection (4) of section 14 of
26 P.L.1944, c.255 (C.43:16A-14), shall apply to the committee and its
27 members, as appropriate. The committee shall keep a record of all
28 of its proceedings which shall be open to public inspection.

29 Upon the convening of any meeting of a committee, the members
30 shall consider a motion to assume the authority provided in this
31 subsection and shall proceed only if a majority of the members of
32 the committee vote in the affirmative on that motion.

33 Each committee may contract with such actuaries or consultants,
34 or both, in accordance with the provisions of P.L.1954, c.48
35 (C.52:34-6 et seq.), as the committee may deem necessary to
36 perform its duties, when that part of the system has attained the
37 target funded ratio.

38 When a part of the system, has attained the target funded ratio as
39 defined in section 27 of P.L.2011, c.78 (C.43:3C-16), the committee
40 for that part **】** The board of trustees shall have the discretionary
41 authority **【**for that part**】** to :

42 (1) modify the: member contribution rate; cap on creditable
43 compensation; formula for calculation of final compensation; age at
44 which a member may be eligible for and the benefits for service or
45 special retirement; and standards for approval, medical review
46 policies, and benefits provided for disability retirement; and

47 (2) ³subject to the provisions of P.L. , c. (pending before the
48 Legislature as this bill),³ activate the application of the "Pension

1 Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.) for retirees
2 **【for the period that the part is at or above the target funded ratio】**
3 and modify the basis for the calculation of the adjustment and set
4 the duration and extent of the activation. The board of trustees,
5 after consultation with the actuary, may apply an adjustment to the
6 monthly retirement allowance or pension originally granted to any
7 member.

8 **【A committee shall give priority consideration to subparagraph**
9 **(2) of this paragraph. A committee】** The board of trustees shall
10 have the discretionary authority to modify the conditions and
11 standards for the purchase of service credit for death benefits. The
12 board of trustees shall not have the authority to change the years of
13 creditable service required for vesting.

14 At least eight votes of the authorized membership of the board
15 shall be required to approve any enhancement or reduction of a
16 member benefit, ²**【other than for】** including² the activation of the
17 application of the "Pension Adjustment Act," P.L.1958, c.143
18 (C.43:3B-1 et seq.), for retirees, or to approve any increase or
19 decrease in the employer contribution that is more than what is
20 recommended by the actuary for the system for the purpose of the
21 annual funding requirements of the system. ³An actuarial
22 certification must be provided by the actuary prior to any
23 enhancement or reduction of a member benefit, including the
24 activation of the application of the "Pension Adjustment Act,"
25 P.L.1958, c.143 (C.43:3B et. seq.), showing that such change will
26 not result in an increased employer contribution in the current year
27 and that such change will not impact the long term viability of the
28 fund.³

29 **【Each committee】** The board of trustees may consider a matter
30 described **【above】** in this subsection and render a decision
31 notwithstanding that the provisions of the statutory law may set
32 forth a specific requirement on that matter.

33 **【Each committee】** The board of trustees may consider a matter
34 described **【above】** in this subsection and render a decision
35 notwithstanding that the provisions of the statutory law do not set
36 forth a specific requirement on the considered aspect of that matter
37 or address that matter at all.

38 **【The members of each committee shall have the same duty and**
39 **responsibility to the retirement system as do the members of the**
40 **board of trustees. No decision of a committee shall be implemented**
41 **if the direct or indirect result of the decision will be that the funded**
42 **ratio of that part falls below the target funded ratio in any valuation**
43 **period during the 30 years following the implementation of the**
44 **decision. The actuary of the system shall make a determination of**
45 **the result in that regard and submit that determination in a written**
46 **report to the committee and the board prior to the implementation**
47 **of the decision.】**

1 **【**If any matter before a committee receives at least six votes in
2 the affirmative, the board of trustees shall approve and implement
3 the committee's decision.

4 If any matter regarding benefits before a committee receives five
5 votes in the affirmative and five votes in the negative or the
6 committee otherwise reaches an impasse on a decision, the
7 provisions of section 33 of P.L.2011, c.78 (C.43:3C-17) shall be
8 followed.】

9 A final action of the **【committee】** board of trustees under this
10 subsection shall be made by the adoption of a regulation that shall
11 identify the modifications to the system by reference to statutory
12 section. The regulations shall also specify the effective date of the
13 modification and the system members, including beneficiaries and
14 retirees, to whom the modification applies. Regulations of the
15 **【committee】** board of trustees are considered to be part of the plan
16 document for the system. A regulation adopted by the **【committee】**
17 board of trustees may be modified by regulation in order to comply
18 with the requirements of this section.

19 c. (1) No member of the board**【,】** or a committee of the board,
20 employee of the board, or employee of the Division of Pensions and
21 Benefits in the Department of the Treasury shall accept from any
22 person, whether directly or indirectly and whether by himself or
23 through his spouse or any member of his family, or through any
24 partner or associate, any gift, favor, service, employment or offer of
25 employment, or any other thing of value, including contributions to
26 the campaign of a member or employee as a candidate for elective
27 public office, which he knows or has reason to believe is offered to
28 him with intent to influence him in the performance of his public
29 duties and responsibilities. As used in this subsection, "person"
30 means an (1) individual or business entity, or officer or employee of
31 such an entity, who is seeking, or who holds, or who held within the
32 prior three years, a contract with the board; (2) an active or retired
33 member, or beneficiary, of the retirement system; or (3) an entity,
34 or officer or employee of such an entity, in which the assets of the
35 retirement system have been invested. A board or committee
36 member or employee violating this prohibition shall be guilty of a
37 crime of the third degree.

38 (2) ¹The board shall adopt an ethics policy either identical to the
39 provisions of the "New Jersey Conflicts of Interest Law," P.L.1971,
40 c.182 (C.52:13D-12 et seq.) or more restrictive, but not less
41 restrictive.¹ All trustees, officers, and employees of the board shall
42 participate in annual ethics training on the ¹board's policy, the¹
43 New Jersey Conflicts of Interest Law ^{1, 1} and any other applicable
44 law, rule, or standard of conduct relating to the area of ethics as
45 directed by the board's executive director.

1 d. The board of trustees shall have the authority to establish a
2 process for the review, approval, and appeal of applications for
3 retirement.

4 e. The board of trustees shall establish three committees as
5 follows:

6 (1) (a) An Audit Committee of no less than three members to
7 assist in the oversight of the financial reporting and audit processes
8 of the board of trustees. At least two of the members shall be
9 members of the board of trustees. At least one of the Audit
10 Committee members shall have accounting ¹, governmental
11 auditing,¹ or related financial expertise. If the board of trustees
12 does not have sufficient members qualified or available to serve on
13 the Audit Committee, or wishes to broaden the expertise on the
14 Audit Committee, the board of trustees may request that the State
15 Treasurer recommend one or more qualified individuals to sit on the
16 committee.

17 (b) The Audit Committee shall assist the board of trustees in
18 retaining an independent auditor to conduct an audit of the
19 retirement system's financial statements by making a
20 recommendation to the board of trustees after engaging in an
21 auditor selection process. The auditor selection process shall be
22 based upon public, competitive bidding principles and shall take
23 place no less than once every five years.

24 (c) In carrying out its duties, the Audit Committee shall
25 proactively assist the board of trustees in overseeing the integrity
26 and quality of the retirement system's finances and investments.
27 The Audit Committee shall:

28 (i) review and evaluate audit fees;

29 (ii) when the committee believes that the auditor's performance is
30 not adequate in quality or independence, recommend such steps as
31 may be necessary to elicit appropriate performance, including
32 replacement of the auditor;

33 (iii) at least once every three years, obtain and review a report of
34 the independent auditor describing for the preceding year: the
35 independent auditor's internal quality control procedures; any
36 material issues raised by the most recent internal quality control
37 peer review, or by reviews conducted by governmental or
38 professional authorities; and steps taken by the auditor to address
39 such issues;

40 (iv) regularly review with the independent auditor any audit
41 problems, any risks of material statements due to fraud, and
42 difficulties involving restrictions or attempts to restrict the auditor's
43 activities and restrictions on access to information;

44 (v) review the audited financial statements and interim
45 statements and discuss them with the board of trustees. These
46 discussions shall include a review of particularly sensitive
47 accounting estimates, reserves and accruals, judgmental areas, audit

1 adjustments, whether recorded or not, and any other matters the
2 Audit Committee or independent auditor shall deem appropriate;

3 (vi) review internal control functions such as the planned scope
4 of internal audit reviews, adequacy of staffing, actions to be taken
5 as a result of internal audit findings, the effectiveness of electronic
6 data processing procedures, and controls and related security
7 programs; ¹~~and~~¹

8 (vii) recommend policies with respect to risk assessment and risk
9 management ¹; and

10 (viii) establish a permanent position of internal auditor, who
11 shall be supervised by the executive director, but who may be
12 discharged only by an affirmative vote of the majority of the
13 board¹.

14 (2) An Actuary Committee of no less than three members to
15 assist in the selection and oversight of the actuary appointed by the
16 board of trustees. The Actuary Committee shall review the
17 performance of the actuary appointed by the board of trustees. If
18 the performance of the actuary is not adequate in quality, the
19 committee shall recommend such steps as may be necessary to elicit
20 appropriate performance, including replacement of the actuary.

21 (3) An Investment Committee of no less than three members to
22 assist in the oversight of the ³~~investments~~³ investment policies³
23 selected by the board of trustees ³~~and the management of the~~³
24 investments of the retirement system³. The Investment Committee
25 shall consist of two members of the board of trustees, and one
26 member who shall be the chief investment officer of the board, and
27 shall oversee investments and make recommendations on
28 investments to the board of trustees. ³A majority of the Investment
29 Committee members, one of which may be the Chief Investment
30 Officer, shall be qualified by training, experience or long-term
31 interest in the direct management, analysis, supervision or
32 investment of assets and this training, experience or long-term
33 interest shall have been supplemented by academic training in the
34 fields of economics, business, law, finance or actuarial science or
35 by actual employment in those fields. If the board of trustees does
36 not have sufficient members qualified or available to serve on the
37 Investment Committee, or determines to broaden the expertise of
38 the Investment Committee, the board of trustees may request that
39 the State Treasurer recommend one or more qualified individuals to
40 sit on the committee.³

41 f. At the end of six years following the enactment date of
42 P.L. , c. (pending before the Legislature as this bill), the board
43 of trustees shall conduct a review of the performance and funding
44 levels of the retirement system, as compared to available market
45 data including but, not limited to, the performance of the State
46 Investment Council and Division of Investment with regard to the
47 investment of other State-administered retirement systems or funds

1 and ³the Bloomberg Barclays Indices other appropriate
 2 benchmarks³, and may, based on a majority vote of the authorized
 3 membership of the board, petition the Legislature to consider
 4 legislation that reverts control of the system ³to the Department of
 5 the Treasury, or such other agency as the State deems appropriate **]**
 6 from the Board of Trustees to the State Investment Council and the
 7 Division of Investment³.

8 (cf: P.L.2011, c.78, s.4)

9
 10 16. Section 14 of P.L.1944, c.255 (C.43:16A-14) is amended to
 11 read as follows:

12 14. (1) The board of trustees shall be and are hereby constituted
 13 trustees of the various funds and accounts established by this act **]**;
 14 provided, however, that all **]** . All functions, powers and duties
 15 relating to the ³formulation, establishment, amendment,
 16 modification or repeal of any policy, procedure, method or practice
 17 on the³ investment or reinvestment of moneys ³[of, and] shall be
 18 performed by the board. The³ purchase, sale or exchange of any
 19 investments or securities, of or for any fund or account established
 20 under this act shall be exercised and performed by the **]** director of
 21 the Division of Investment in accordance with the provisions of
 22 chapter 270, of the laws of 1950] ³Division of Investment upon the
 23 direction of the³ board. The **]** secretary actuary of the board of
 24 trustees shall determine from time to time the cash requirements of
 25 the various funds and accounts established by this act and the
 26 amount available for investment, all of which shall be certified to
 27 the **]** Director of the Division of Investment.

28 An elected member of the board of trustees to be designated by a
 29 majority vote thereof shall serve on the State Investment Council as
 30 a representative of said board of trustees, for a term of three years
 31 and until a successor is designated and qualified **]** chair and
 32 executive director of the board of trustees. ³Notwithstanding this
 33 provision, Common Pension Fund L and the assets held by
 34 Common Pension Fund L as of the effective date of this Act and
 35 thereafter, including the interest of the Police and Firemen's
 36 Retirement System of New Jersey therein shall remain within the
 37 Division of Investment in the Department of the Treasury. The
 38 Division of Investment, the Director of the Division of Investment
 39 and the State Investment Council shall retain all functions, powers,
 40 and duties relating to Common Pension Fund L assigned to the
 41 Division of Investment, the Director of the Division of Investment,
 42 and the State Investment Council, by P.L. 2017, c. 98 (C.5:9-22.5 et
 43 seq.).³

44 (2) The **]** Treasurer of the State of New Jersey ³[executive
 45 director of the board] Treasurer of the State of New Jersey³ shall
 46 be the custodian of the **]** several funds] fund created by this act,

1 shall select all depositories and custodians and shall negotiate and
2 execute custody agreements in connection with the assets or
3 investments of any of said ~~【funds】~~ fund. All payments from said
4 ~~【funds】~~ fund shall be made by him only upon vouchers signed by
5 the chairman and countersigned by the secretary of the board of
6 trustees. No voucher shall be drawn, except upon the authority of
7 the board duly entered in the records of its proceedings.

8 (3) (Deleted by amendment.)

9 (4) Except as otherwise herein provided, no trustee and no
10 employee of the board of trustees shall have any direct interest in
11 the gains or profits of any investments of the retirement system;
12 nor shall any trustee or employee of the board directly or
13 indirectly, for himself or as an agent in any manner use the moneys
14 of the retirement system, except to make such current and necessary
15 payments as are authorized by the board of trustees; nor shall any
16 trustee or employee of the board of trustees become an endorser or
17 surety, or in any manner an obligor for moneys loaned to or
18 borrowed from the retirement system.

19 (cf: P.L.2011, c.78, s.31)

20
21 ²【17. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended
22 to read as follows:

23 15. (1) The contributions required for the support of the
24 retirement system shall be made by members and their employers.

25 (2) (a) The uniform percentage contribution rate for members
26 shall be 8.5% of compensation. Members of the retirement system
27 shall contribute 10% of compensation to the system on and after the
28 effective date of P.L.2011, c.78.

29 (b) The board of trustees is authorized to make an adjustment to
30 the uniform contribution rate of the members set forth in this
31 subsection as the board deems reasonable, necessary, and
32 appropriate after consultation with, and the recommendation of, the
33 actuary. Any adjustment to a contribution rate shall be made at
34 such time and in such manner as the board shall determine.

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

36 (4) Upon the basis of the tables recommended by the actuary
37 which the board adopts and regular interest, the actuary shall
38 compute annually, beginning as of June 30, 1991, the amount of
39 contribution which shall be the normal cost as computed under the
40 projected unit credit method attributable to service rendered under
41 the retirement system for the year beginning on July 1 immediately
42 succeeding the date of the computation. This shall be known as the
43 "normal contribution."

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

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

46 (7) Each employer shall cause to be deducted from the salary of
47 each member the percentage of earnable compensation prescribed in
48 subsection (2) of this section. To facilitate the making of

1 deductions, the retirement system may modify the amount of
2 deduction required of any member by an amount not to exceed 1/10
3 of 1% of the compensation upon which the deduction is based.

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

18 (9) With respect to employers other than the State, upon the
19 basis of the tables recommended by the actuary which the board
20 adopts and regular interest, the actuary shall compute the amount of
21 the accrued liability as of June 30, 1991 under the projected unit
22 credit method, which is not already covered by the assets of the
23 retirement system, valued in accordance with the asset valuation
24 method established in this section. Using the total amount of this
25 unfunded accrued liability, the actuary shall compute the initial
26 amount of contribution which, if the contribution is paid annually in
27 level dollars for a specific period of time, will amortize this
28 liability. The **【State Treasurer shall determine, upon the advice of**
29 **the Director of the Division of Pensions and Benefits, the】** board of
30 trustees **【and】** shall determine, upon the advice of the actuary, the
31 time period for full funding of this liability, which shall not exceed
32 40 years on initial application of this section as amended by this act,
33 P.L.1994, c.62. This shall be known as the "accrued liability
34 contribution." Any increase or decrease in the unfunded accrued
35 liability as a result of actuarial losses or gains for the 10 valuation
36 years following valuation year 1991 shall serve to increase or
37 decrease, respectively, the unfunded accrued liability contribution.
38 Thereafter, any increase or decrease in the unfunded accrued
39 liability as a result of actuarial losses or gains for subsequent
40 valuation years shall serve to increase or decrease, respectively, the
41 amortization period for the unfunded accrued liability, unless an
42 increase in the amortization period will cause it to exceed 30 years.
43 If an increase in the amortization period as a result of actuarial
44 losses for a valuation year would exceed 30 years, the accrued
45 liability contribution shall be computed for the valuation year in the
46 same manner provided for the computation of the initial accrued
47 liability contribution under this section. Beginning with the July 1,
48 2018 actuarial valuation, the accrued liability contribution shall be

1 computed so that if the contribution is paid annually in level
2 dollars, it will amortize this unfunded accrued liability over a closed
3 30-year period. Beginning with the July 1, 2028 actuarial
4 valuation, when the remaining amortization period reaches 20 years,
5 any increase or decrease in the unfunded accrued liability as a result
6 of actuarial losses or gains for subsequent valuation years shall
7 serve to increase or decrease, respectively, the amortization period
8 for the unfunded accrued liability, unless an increase in the
9 amortization period will cause it to exceed 20 years. If an increase
10 in the amortization period as a result of actuarial losses for a
11 valuation year would exceed 20 years, the accrued liability
12 contribution shall be computed for the valuation year in the same
13 manner provided for the computation of the initial accrued liability
14 contribution under this section.

15 With respect to the State, upon the basis of the tables
16 recommended by the actuary which the board adopts and regular
17 interest, the actuary shall annually determine if there is an amount
18 of the accrued liability, computed under the projected unit credit
19 method, which is not already covered by the assets of the retirement
20 system, valued in accordance with the asset valuation method
21 established in this section. This shall be known as the "unfunded
22 accrued liability." If there was no unfunded accrued liability for the
23 valuation period immediately preceding the current valuation
24 period, the actuary, using the total amount of this unfunded accrued
25 liability, shall compute the initial amount of contribution which, if
26 the contribution is paid annually in level dollars for a specific
27 period of time, will amortize this liability. The [State Treasurer
28 shall determine, upon the advice of the Director of the Division of
29 Pensions and Benefits, the] board of trustees [and] shall determine,
30 upon the advice of the actuary, the time period for full funding of
31 this liability, which shall not exceed 30 years. This shall be known
32 as the "accrued liability contribution." Thereafter, any increase or
33 decrease in the unfunded accrued liability as a result of actuarial
34 losses or gains for subsequent valuation years shall serve to increase
35 or decrease, respectively, the amortization period for the unfunded
36 accrued liability, unless an increase in the amortization period will
37 cause it to exceed 30 years. If an increase in the amortization period
38 as a result of actuarial losses for a valuation year would exceed 30
39 years, the accrued liability contribution shall be computed for the
40 valuation year in the same manner provided for the computation of
41 the initial accrued liability contribution under this section.
42 Beginning with the July 1, 2018 actuarial valuation, the accrued
43 liability contribution shall be computed so that if the contribution is
44 paid annually in level dollars, it will amortize this unfunded accrued
45 liability over a closed 30-year period. Beginning with the July 1,
46 2028 actuarial valuation, when the remaining amortization period
47 reaches 20 years, any increase or decrease in the unfunded accrued
48 liability as a result of actuarial losses or gains for subsequent

1 valuation years shall serve to increase or decrease, respectively, the
2 amortization period for the unfunded accrued liability, unless an
3 increase in the amortization period will cause it to exceed 20 years.
4 If an increase in the amortization period as a result of actuarial
5 losses for a valuation year would exceed 20 years, the accrued
6 liability contribution shall be computed for the valuation year in the
7 same manner provided for the computation of the initial accrued
8 liability contribution under this section.

9 The State may pay all or any portion of its unfunded accrued
10 liability under the retirement system from any source of funds
11 legally available for the purpose, including, without limitation, the
12 proceeds of bonds authorized by law for this purpose.

13 The value of the assets to be used in the computation of the
14 contributions provided for under this section for valuation periods
15 shall be the value of the assets for the preceding valuation period
16 increased by the regular interest rate, plus the net cash flow for the
17 valuation period (the difference between the benefits and expenses
18 paid by the system and the contributions to the system) increased by
19 one half of the regular interest rate, plus 20% of the difference
20 between this expected value and the full market value of the assets
21 as of the end of the valuation period. This shall be known as the
22 "valuation assets." Notwithstanding the first sentence of this
23 paragraph, the valuation assets for the valuation period ending June
24 30, 1995 shall be the full market value of the assets as of that date
25 and, with respect to the valuation assets allocated to the State, shall
26 include the proceeds from the bonds issued pursuant to the "Pension
27 Bond Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et
28 seq.), paid to the system by the New Jersey Economic Development
29 Authority to fund the unfunded accrued liability of the system.
30 Notwithstanding the first sentence of this paragraph, the percentage
31 of the difference between the expected value and the full market
32 value of the assets to be added to the expected value of the assets
33 for the valuation period ending June 30, 1998 for the State shall be
34 100% and for other employers shall be 57% plus such additional
35 percentage as is equivalent to \$150,000,000. Notwithstanding the
36 first sentence of this paragraph, the amount of the difference
37 between the expected value and the full market value of the assets
38 to be added to the expected value of the assets for the valuation
39 period ending June 30, 1999 shall include an additional amount of
40 the market value of the assets sufficient to fund (1) the unfunded
41 accrued liability for the supplementary "special retirement"
42 allowances provided under subsection b. of section 16 of P.L.1964,
43 c.241 (C.43:16A-11.1) and (2) the unfunded accrued liability for the
44 full credit toward benefits under the retirement system for service
45 credited in the Public Employees' Retirement System and
46 transferred pursuant to section 1 of P.L.1993, c.247 (C.43:16A-3.8)
47 and the reimbursement of the cost of any credit purchase pursuant

1 to section 3 of P.L.1993, c.247 (C.43:16A-3.10) provided under
2 section 1 of P.L.2001, c.201 (C.43:16A-3.14).

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

42 If there are excess valuation assets allocated to the State or to the
43 other employers for the valuation period ending June 30, 1995, the
44 normal contributions payable by the State or by the other employers
45 for the valuation periods ending June 30, 1995, and June 30, 1996
46 which have not yet been paid to the retirement system shall be
47 reduced to the extent possible by the excess valuation assets
48 allocated to the State or to the other employers, respectively,

1 provided that with respect to the excess valuation assets allocated to
2 the State, the General Fund balances that would have been paid to
3 the retirement system except for this provision shall first be
4 allocated as State aid to public schools to the extent that additional
5 sums are required to comply with the May 14, 1997 decision of the
6 New Jersey Supreme Court in *Abbott v. Burke*.

7 If there are excess valuation assets allocated to the other
8 employers for the valuation period ending June 30, 1998, the
9 accrued liability contributions payable by the other employers for
10 the valuation period ending June 30, 1997 shall be reduced to the
11 extent possible by the excess valuation assets allocated to the other
12 employers.

13 If there are excess valuation assets allocated to the State or to the
14 other employers for a valuation period ending after June 30, 1998,
15 the State Treasurer may reduce the normal contribution payable by
16 the State or by other employers for the next valuation period as
17 follows:

18 (1) for valuation periods ending June 30, 1996 through June 30,
19 2000, to the extent possible by up to 100% of the excess valuation
20 assets allocated to the State or to the other employers, respectively;

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

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

27 (4) for valuation periods ending June 30, 2003 through June 30,
28 2007, to the extent possible by up to 50% of the excess valuation
29 assets allocated to the State or to the other employers, respectively.

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

39 The normal and accrued liability contributions shall be certified
40 annually by the retirement system and shall be included in the
41 budget of the employer and levied and collected in the same manner
42 as any other taxes are levied and collected for the payment of the
43 salaries of members.

44 Notwithstanding the preceding sentence, the normal and accrued
45 liability contributions to be included in the budget of and paid by
46 the employer other than the State shall be as follows: for the
47 payment due in the State fiscal year ending on June 30, 2004, 20%
48 of the amount certified by the retirement system; for the payment

1 due in the State fiscal year ending on June 30, 2005, a percentage of
2 the amount certified by the retirement system as the State Treasurer
3 shall determine but not more than 40%; for the payment due in the
4 State fiscal year ending on June 30, 2006, a percentage of the
5 amount certified by the retirement system as the State Treasurer
6 shall determine but not more than 60%; and for the payment due in
7 the State fiscal year ending on June 30, 2007, a percentage of the
8 amount certified by the retirement system as the State Treasurer
9 shall determine but not more than 80%.

10 The State Treasurer shall reduce the normal and accrued liability
11 contributions payable by employers other than the State to 50
12 percent of the amount certified annually by the retirement system
13 for payments due in the State fiscal year ending June 30, 2009. An
14 employer that elects to pay the reduced normal and accrued liability
15 contribution shall adopt a resolution, separate and apart from other
16 budget resolutions, stating that the employer needs to pay the
17 reduced contribution and providing an explanation of that need
18 which shall include (1) a description of its inability to meet the levy
19 cap without jeopardizing public safety, health, and welfare or
20 without jeopardizing the fiscal stability of the employer, or (2) a
21 description of another condition that offsets the long term fiscal
22 impact of the payment of the reduced contribution. An employer
23 also shall document those actions it has taken to reduce its
24 operating costs, or provide a description of relevant anticipated
25 circumstances that could have an impact on revenues or
26 expenditures. This resolution shall be submitted to and approved by
27 the Local Finance Board after making a finding that these fiscal
28 conditions are valid and affirming the findings contained in the
29 employer resolution.

30 An employer that elects to pay 100 percent of the amount
31 certified by the retirement system for the State fiscal year ending
32 June 30, 2009 shall be credited with such payment and any such
33 amounts shall not be included in the employer's unfunded liability.

34 The actuaries for the retirement system shall determine the
35 unfunded liability of the retirement system, by employer, for the
36 reduced normal and accrued liability contributions provided under
37 P.L.2009, c.19. This unfunded liability shall be paid by the
38 employer in level annual payments over a period of 15 years
39 beginning with the payments due in the State fiscal year ending
40 June 30, 2012 and shall be adjusted by the rate of return on the
41 actuarial value of assets.

42 The retirement system shall annually certify to each employer
43 the contributions due to the contingent reserve fund for the liability
44 under P.L.2009, c.19. The contributions certified by the retirement
45 system shall be paid by the employer to the retirement system on or
46 before the date prescribed by law for payment of employer
47 contributions for basic retirement benefits. If payment of the full
48 amount of the contribution certified is not made within 30 days

1 after the last date for payment of employer contributions for basic
2 retirement benefits, interest at the rate of 10% per year shall be
3 assessed against the unpaid balance on the first day after the
4 thirtieth day.

5 (10) The treasurer or corresponding officer of the employer shall
6 pay to the **【State Treasurer】** board of trustees no later than April 1
7 of the State's fiscal year in which payment is due the amount so
8 certified as payable by the employer, and shall pay monthly to the
9 **【State Treasurer】** board of trustees the amount of the deductions
10 from the salary of the members in the employ of the employer, and
11 the **【State Treasurer】** board of trustees shall credit such amount to
12 the appropriate fund or funds, of the retirement system. On April 1
13 next following the effective date of P.L. , c. (pending before the
14 Legislature as this bill), and in each year thereafter, the contribution
15 required to be made by the employer shall be made to the board of
16 trustees on the following schedule: at least 25 percent by March 1,
17 at least 50 percent by June 1, at least 75 percent by September 1,
18 and at least 100 percent by December 1. The amount of the
19 contribution shall be net of the amount of any increase in the
20 interest on the tax and revenue anticipation notes attributable solely
21 to the need to borrow an increased amount in order to make the
22 quarterly payments.

23 If payment of the **【full】** required amount of the employer's
24 obligation is not made within 30 days of the due **【date】** dates
25 established by this act, interest at the rate of 10% per annum shall
26 commence to run against the unpaid balance thereof on the first day
27 after such 30th day. Upon certification by the board of trustees to
28 the Director of the Division of Local Government Services in the
29 Department of Community Affairs of an employer contribution
30 payment being 30 days past due, the director shall withhold any
31 State aid payments that are disbursed by the Division of Local
32 Government Services from the employer in an amount equal to the
33 amount of the employer contribution due to the board. If the
34 employer is eligible for transitional aid, the Division of Local
35 Government Services shall consult with the board to develop a
36 payment plan to ensure that the required payment and interest owed
37 is paid in a timely manner. The director shall release the State aid
38 payments held pursuant to this subsection to the employer upon
39 certification by the board of trustees of its receipt of the delinquent
40 employer contribution. Nothing in P.L. , c. (pending before the
41 Legislature as this bill) shall relieve State or local government
42 employers of any present or future obligations of their normal cost
43 or unfunded liabilities required to be paid into the retirement
44 system.

45 If payment in full, representing the monthly transmittal and
46 report of salary deductions, is not made within 15 days of the due
47 date established by the retirement system, interest at the rate of 10%

1 per annum shall commence to run against the total transmittal of
2 salary deductions for the period on the first day after such 15th day.

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

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

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

19 (14) Commencing with valuation year 1991, with payment to be
20 made in Fiscal Year 1994, the Legislature shall annually
21 appropriate and the State Treasurer shall pay into the pension
22 accumulation fund of the retirement system an amount equal to
23 1.1% of the compensation of the members of the system for the
24 valuation year to fund the benefits provided by section 16 of
25 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

26 (15) If the valuation assets are insufficient to fund the normal
27 and accrued liability costs attributable to the amendatory provisions
28 of P.L.1999, c.428 [(C.43:16A-15.8 et al.)] (C.43:16A-1 et al.) as
29 provided hereinabove, the normal and unfunded accrued liability
30 contributions required to fund these costs for the State and other
31 employers shall be paid by the State.

32 (16) The savings realized as a result of the amendments to this
33 section by P.L.2001, c.44 in the payment of normal contributions
34 computed by the actuary for the valuation periods ending June 30,
35 1998 for employers other than the State shall be used solely and
36 exclusively by a county or municipality for the purpose of reducing
37 the amount that is required to be raised by the local property tax
38 levy by the county for county purposes or by the municipality for
39 municipal purposes, as appropriate. The Director of the Division of
40 Local Government Services in the Department of Community
41 Affairs shall certify for each year that each county or municipality
42 has complied with the requirements set forth herein. If the director
43 finds that a county or municipality has not used the savings solely
44 and exclusively for the purpose of reducing the amount that is
45 required to be raised by the local property tax levy by the county for
46 county purposes or by the municipality for municipal purposes, as
47 appropriate, the director shall direct the county or municipal

1 governing body, as appropriate, to make corrections to its budget.
2 (cf: P.L.2011, c.78, s.15)]²

3

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

6 15 (1) The contributions required for the support of the
7 retirement system shall be made by members and their employers.

8 (2) (a) The uniform percentage contribution rate for members
9 shall be 8.5% of compensation. Members of the retirement system
10 shall contribute 10% of compensation to the system on and after the
11 effective date of P.L.2011, c.78.

12 (b) The board of trustees is authorized to make an adjustment to
13 the uniform contribution rate of the members set forth in this
14 subsection as the board deems reasonable, necessary, and
15 appropriate ³with the approval of at least eight members of the
16 board³ after consultation with, and the recommendation of, the
17 actuary. Any adjustment to a contribution rate shall be made at
18 such time and in such manner as the board shall determine upon
19 ³[actuarial]³ certification ³by the actuary³ that such change will not
20 result in ³an³ increased employer ³[contributions] contribution in
21 the current year and that such change will not impact the long term
22 viability of the fund³.

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

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

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

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

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

40 (8) The deductions provided for herein shall be made
41 notwithstanding that the minimum salary provided for by law for
42 any member shall be reduced thereby. Every member shall be
43 deemed to consent and agree to the deductions made and provided
44 for herein, and payment of salary or compensation less said
45 deduction shall be a full and complete discharge and acquittance of
46 all claims and demands whatsoever for the service rendered by such
47 person during the period covered by such payment, except as to the

1 benefits provided under this act. The chief fiscal officer of each
2 employer shall certify to the retirement system in such manner as
3 the **【retirement system】** board of trustees may prescribe, the
4 amounts deducted; and when deducted shall be paid into said
5 annuity savings fund, and shall be credited to the individual account
6 of the member from whose salary said deduction was made.

7 (9) With respect to employers other than the State, upon the
8 basis of the tables recommended by the actuary which the board
9 adopts and regular interest, the actuary shall compute the amount of
10 the accrued liability as of June 30, 1991 under the projected unit
11 credit method, which is not already covered by the assets of the
12 retirement system, valued in accordance with the asset valuation
13 method established in this section. Using the total amount of this
14 unfunded accrued liability, the actuary shall compute the initial
15 amount of contribution which, if the contribution is paid annually in
16 level dollars for a specific period of time, will amortize this
17 liability. The **【State Treasurer shall determine, upon the advice of**
18 **the Director of the Division of Pensions and Benefits, the】** board of
19 trustees **【and】** shall determine, upon the advice of the actuary, the
20 time period for full funding of this liability, which shall not exceed
21 40 years on initial application of this section as amended by this act,
22 P.L.1994, c.62. This shall be known as the "accrued liability
23 contribution." Any increase or decrease in the unfunded accrued
24 liability as a result of actuarial losses or gains for the 10 valuation
25 years following valuation year 1991 shall serve to increase or
26 decrease, respectively, the unfunded accrued liability contribution.
27 Thereafter, any increase or decrease in the unfunded accrued
28 liability as a result of actuarial losses or gains for subsequent
29 valuation years shall serve to increase or decrease, respectively, the
30 amortization period for the unfunded accrued liability, unless an
31 increase in the amortization period will cause it to exceed 30 years.
32 If an increase in the amortization period as a result of actuarial
33 losses for a valuation year would exceed 30 years, the accrued
34 liability contribution shall be computed for the valuation year in the
35 same manner provided for the computation of the initial accrued
36 liability contribution under this section. Beginning with the July 1,
37 2018 actuarial valuation, the accrued liability contribution shall be
38 computed so that if the contribution is paid annually in level
39 dollars, it will amortize this unfunded accrued liability over a closed
40 30-year period. Beginning with the July 1, 2028 actuarial
41 valuation, when the remaining amortization period reaches 20 years,
42 any increase or decrease in the unfunded accrued liability as a result
43 of actuarial losses or gains for subsequent valuation years shall
44 serve to increase or decrease, respectively, the amortization period
45 for the unfunded accrued liability, unless an increase in the
46 amortization period will cause it to exceed 20 years. If an increase
47 in the amortization period as a result of actuarial losses for a
48 valuation year would exceed 20 years, the accrued liability

1 contribution shall be computed for the valuation year in the same
2 manner provided for the computation of the initial accrued liability
3 contribution under this section.

4 With respect to the State, upon the basis of the tables
5 recommended by the actuary which the board adopts and regular
6 interest, the actuary shall annually determine if there is an amount
7 of the accrued liability, computed under the projected unit credit
8 method, which is not already covered by the assets of the retirement
9 system, valued in accordance with the asset valuation method
10 established in this section. This shall be known as the "unfunded
11 accrued liability." If there was no unfunded accrued liability for the
12 valuation period immediately preceding the current valuation
13 period, the actuary, using the total amount of this unfunded accrued
14 liability, shall compute the initial amount of contribution which, if
15 the contribution is paid annually in level dollars for a specific
16 period of time, will amortize this liability. The [State Treasurer
17 shall determine, upon the advice of the Director of the Division of
18 Pensions and Benefits, the] board of trustees [and] shall determine,
19 upon the advice of the actuary, the time period for full funding of
20 this liability, which shall not exceed 30 years. This shall be known
21 as the "accrued liability contribution." Thereafter, any increase or
22 decrease in the unfunded accrued liability as a result of actuarial
23 losses or gains for subsequent valuation years shall serve to increase
24 or decrease, respectively, the amortization period for the unfunded
25 accrued liability, unless an increase in the amortization period will
26 cause it to exceed 30 years. If an increase in the amortization period
27 as a result of actuarial losses for a valuation year would exceed 30
28 years, the accrued liability contribution shall be computed for the
29 valuation year in the same manner provided for the computation of
30 the initial accrued liability contribution under this section.
31 Beginning with the July 1, 2018 actuarial valuation, the accrued
32 liability contribution shall be computed so that if the contribution is
33 paid annually in level dollars, it will amortize this unfunded accrued
34 liability over a closed 30-year period. Beginning with the July 1,
35 2028 actuarial valuation, when the remaining amortization period
36 reaches 20 years, any increase or decrease in the unfunded accrued
37 liability as a result of actuarial losses or gains for subsequent
38 valuation years shall serve to increase or decrease, respectively, the
39 amortization period for the unfunded accrued liability, unless an
40 increase in the amortization period will cause it to exceed 20 years.
41 If an increase in the amortization period as a result of actuarial
42 losses for a valuation year would exceed 20 years, the accrued
43 liability contribution shall be computed for the valuation year in the
44 same manner provided for the computation of the initial accrued
45 liability contribution under this section.

46 The State may pay all or any portion of its unfunded accrued
47 liability under the retirement system from any source of funds

1 legally available for the purpose, including, without limitation, the
2 proceeds of bonds authorized by law for this purpose.

3 The value of the assets, excluding the special asset value set
4 forth in section 38 of P.L.2010, c.1 (C.43:3C-14), to be used in the
5 computation of the contributions provided for under this section for
6 valuation periods shall be the value of the assets for the preceding
7 valuation period increased by the regular interest rate, plus the net
8 cash flow for the valuation period (the difference between the
9 benefits and expenses paid by the system and the contributions to
10 the system) increased by one half of the regular interest rate, plus
11 20% of the difference between this expected value and the full
12 market value of the assets as of the end of the valuation period.
13 This shall be known as the "valuation assets." Notwithstanding the
14 first sentence of this paragraph, the valuation assets for the
15 valuation period ending June 30, 1995 shall be the full market value
16 of the assets as of that date and, with respect to the valuation assets
17 allocated to the State, shall include the proceeds from the bonds
18 issued pursuant to the "Pension Bond Financing Act of 1997,"
19 P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid to the system by the
20 New Jersey Economic Development Authority to fund the unfunded
21 accrued liability of the system. Notwithstanding the first sentence of
22 this paragraph, the percentage of the difference between the
23 expected value and the full market value of the assets to be added to
24 the expected value of the assets for the valuation period ending June
25 30, 1998 for the State shall be 100% and for other employers shall
26 be 57% plus such additional percentage as is equivalent to
27 \$150,000,000. Notwithstanding the first sentence of this paragraph,
28 the amount of the difference between the expected value and the
29 full market value of the assets to be added to the expected value of
30 the assets for the valuation period ending June 30, 1999 shall
31 include an additional amount of the market value of the assets
32 sufficient to fund (1) the unfunded accrued liability for the
33 supplementary "special retirement" allowances provided under
34 subsection b. of section 16 of P.L.1964, c.241 (C.43:16A-11.1) and
35 (2) the unfunded accrued liability for the full credit toward benefits
36 under the retirement system for service credited in the Public
37 Employees' Retirement System and transferred pursuant to section 1
38 of P.L.1993, c.247 (C.43:16A-3.8) and the reimbursement of the
39 cost of any credit purchase pursuant to section 3 of P.L.1993, c.247
40 (C.43:16A-3.10) provided under section 1 of P.L.2001, c.201
41 (C.43:16A-3.14).

42 "Excess valuation assets" means, with respect to the valuation
43 assets allocated to the State, the valuation assets allocated to the
44 State for a valuation period less the actuarial accrued liability of the
45 State for the valuation period, and beginning with the valuation
46 period ending June 30, 1998, less the present value of the expected
47 additional normal cost contributions attributable to the amendatory
48 provisions of P.L.1999, c.428 [(C.43:16A-15.8 et al.)] (C.43:16A-1

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

33 If there are excess valuation assets allocated to the State or to the
34 other employers for the valuation period ending June 30, 1995, the
35 normal contributions payable by the State or by the other employers
36 for the valuation periods ending June 30, 1995, and June 30, 1996
37 which have not yet been paid to the retirement system shall be
38 reduced to the extent possible by the excess valuation assets
39 allocated to the State or to the other employers, respectively,
40 provided that with respect to the excess valuation assets allocated to
41 the State, the General Fund balances that would have been paid to
42 the retirement system except for this provision shall first be
43 allocated as State aid to public schools to the extent that additional
44 sums are required to comply with the May 14, 1997 decision of the
45 New Jersey Supreme Court in *Abbott v. Burke*.

46 If there are excess valuation assets allocated to the other
47 employers for the valuation period ending June 30, 1998, the
48 accrued liability contributions payable by the other employers for

1 the valuation period ending June 30, 1997 shall be reduced to the
2 extent possible by the excess valuation assets allocated to the other
3 employers.

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

9 (1) for valuation periods ending June 30, 1996 through June 30,
10 2000, to the extent possible by up to 100% of the excess valuation
11 assets allocated to the State or to the other employers, respectively;

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

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

18 (4) for valuation periods ending June 30, 2003 through June 30,
19 2007, to the extent possible by up to 50% of the excess valuation
20 assets allocated to the State or to the other employers, respectively.

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

30 The normal and accrued liability contributions shall be certified
31 annually by the retirement system and shall be included in the
32 budget of the employer and levied and collected in the same manner
33 as any other taxes are levied and collected for the payment of the
34 salaries of members.

35 Notwithstanding the preceding sentence, the normal and accrued
36 liability contributions to be included in the budget of and paid by
37 the employer other than the State shall be as follows: for the
38 payment due in the State fiscal year ending on June 30, 2004, 20%
39 of the amount certified by the retirement system; for the payment
40 due in the State fiscal year ending on June 30, 2005, a percentage of
41 the amount certified by the retirement system as the State Treasurer
42 shall determine but not more than 40%; for the payment due in the
43 State fiscal year ending on June 30, 2006, a percentage of the
44 amount certified by the retirement system as the State Treasurer
45 shall determine but not more than 60%; and for the payment due in
46 the State fiscal year ending on June 30, 2007, a percentage of the
47 amount certified by the retirement system as the State Treasurer
48 shall determine but not more than 80%.

1 The State Treasurer shall reduce the normal and accrued liability
2 contributions payable by employers other than the State to 50
3 percent of the amount certified annually by the retirement system
4 for payments due in the State fiscal year ending June 30, 2009. An
5 employer that elects to pay the reduced normal and accrued liability
6 contribution shall adopt a resolution, separate and apart from other
7 budget resolutions, stating that the employer needs to pay the
8 reduced contribution and providing an explanation of that need
9 which shall include (1) a description of its inability to meet the levy
10 cap without jeopardizing public safety, health, and welfare or
11 without jeopardizing the fiscal stability of the employer, or (2) a
12 description of another condition that offsets the long term fiscal
13 impact of the payment of the reduced contribution. An employer
14 also shall document those actions it has taken to reduce its
15 operating costs, or provide a description of relevant anticipated
16 circumstances that could have an impact on revenues or
17 expenditures. This resolution shall be submitted to and approved by
18 the Local Finance Board after making a finding that these fiscal
19 conditions are valid and affirming the findings contained in the
20 employer resolution.

21 An employer that elects to pay 100 percent of the amount
22 certified by the retirement system for the State fiscal year ending
23 June 30, 2009 shall be credited with such payment and any such
24 amounts shall not be included in the employer's unfunded liability.

25 The actuaries for the retirement system shall determine the
26 unfunded liability of the retirement system, by employer, for the
27 reduced normal and accrued liability contributions provided under
28 P.L.2009, c.19. This unfunded liability shall be paid by the
29 employer in level annual payments over a period of 15 years
30 beginning with the payments due in the State fiscal year ending
31 June 30, 2012 and shall be adjusted by the rate of return on the
32 actuarial value of assets.

33 The retirement system shall annually certify to each employer
34 the contributions due to the contingent reserve fund for the liability
35 under P.L.2009, c.19. The contributions certified by the retirement
36 system shall be paid by the employer to the retirement system on or
37 before the date prescribed by law for payment of employer
38 contributions for basic retirement benefits. If payment of the full
39 amount of the contribution certified is not made within 30 days
40 after the last date for payment of employer contributions for basic
41 retirement benefits, interest at the rate of 10% per year shall be
42 assessed against the unpaid balance on the first day after the
43 thirtieth day.

44 (10) The treasurer or corresponding officer of the employer shall
45 pay to the **[State Treasurer]** board of trustees no later than April 1
46 of the State's fiscal year in which payment is due the amount so
47 certified as payable by the employer, and shall pay monthly to the
48 **[State Treasurer]** board of trustees the amount of the deductions

1 from the salary of the members in the employ of the employer, and
2 the **【State Treasurer】** board of trustees shall credit such amount to
3 the appropriate fund or funds, of the retirement system. ³**【On April**
4 1 next following the effective date of P.L. , c. (pending before
5 the Legislature as this bill), and in each year thereafter, the
6 contribution required to be made by the employer shall be made to
7 the board of trustees on the following schedule: at least 25 percent
8 by March 1, at least 50 percent by June 1, at least 75 percent by
9 September 1, and at least 100 percent by December 1. The amount
10 of the contribution shall be net of the amount of any increase in the
11 interest on the tax and revenue anticipation notes attributable solely
12 to the need to borrow an increased amount in order to make the
13 quarterly payments.】³

14 If payment of the **【full】** required amount of the employer's
15 obligation is not made within 30 days of the due **【date】** dates
16 established by this act, interest at the rate of 10% per annum shall
17 commence to run against the unpaid balance thereof on the first day
18 after such 30th day. ³**【Upon certification by the board of trustees to**
19 the Director of the Division of Local Government Services in the
20 Department of Community Affairs of an employer contribution
21 payment being 30 days past due, the director shall withhold any
22 State aid payments that are disbursed by the Division of Local
23 Government Services from the employer in an amount equal to the
24 amount of the employer contribution due to the board. If the
25 employer is eligible for transitional aid, the Division of Local
26 Government Services shall consult with the board to develop a
27 payment plan to ensure that the required payment and interest owed
28 is paid in a timely manner. The director shall release the State aid
29 payments held pursuant to this subsection to the employer upon
30 certification by the board of trustees of its receipt of the delinquent
31 employer contribution.】³ Nothing in P.L. , c. (pending before the
32 Legislature as this bill) shall relieve State or local government
33 employers of any present or future obligations of their normal cost
34 or unfunded liabilities required to be paid into the retirement
35 system.

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

41 (11) The expenses of administration of the retirement system
42 shall be paid by the State of New Jersey. Each employer shall
43 reimburse the State for a proportionate share of the amount paid by
44 the State for administrative expense. This proportion shall be
45 computed as the number of members under the jurisdiction of such
46 employer bears to the total number of members in the system. The
47 pro rata share of the cost of administrative expense shall be

1 included with the certification by the retirement system of the
2 employer's contribution to the system.

3 (12) Notwithstanding anything to the contrary, the retirement
4 system shall not be liable for the payment of any pension or other
5 benefits on account of the employees or beneficiaries of any
6 employer participating in the retirement system, for which reserves
7 have not been previously created from funds, contributed by such
8 employer or its employees for such benefits.

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

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

17 (15) If the valuation assets are insufficient to fund the normal
18 and accrued liability costs attributable to the amendatory provisions
19 of P.L.1999, c.428 [(C.43:16A-15.8 et al.)] (C.43:16A-1 et al.) as
20 provided hereinabove, the normal and unfunded accrued liability
21 contributions required to fund these costs for the State and other
22 employers shall be paid by the State.

23 (16) The savings realized as a result of the amendments to this
24 section by P.L.2001, c.44 in the payment of normal contributions
25 computed by the actuary for the valuation periods ending June 30,
26 1998 for employers other than the State shall be used solely and
27 exclusively by a county or municipality for the purpose of reducing
28 the amount that is required to be raised by the local property tax
29 levy by the county for county purposes or by the municipality for
30 municipal purposes, as appropriate. The Director of the Division of
31 Local Government Services in the Department of Community
32 Affairs shall certify for each year that each county or municipality
33 has complied with the requirements set forth herein. If the director
34 finds that a county or municipality has not used the savings solely
35 and exclusively for the purpose of reducing the amount that is
36 required to be raised by the local property tax levy by the county for
37 county purposes or by the municipality for municipal purposes, as
38 appropriate, the director shall direct the county or municipal
39 governing body, as appropriate, to make corrections to its budget.²
40 (cf: P.L.2017, c.98, s.27)

41
42 18. Section 18 of P.L.1964, c.241 (C.43:16A-16.1) is amended
43 to read as follows:

44 18. Any member who has at least 3 years of service to his credit
45 for which he has contributed as a member may borrow from the
46 retirement system, an amount equal to not more than 50% of the
47 amount of his aggregate contributions, but not less than \$50.00;
48 provided that the amount so borrowed, together with interest

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

15 The rate of interest for a loan requested by a member prior to the
16 effective date of P.L.2007, c.92 (C.43:15C-1 et al.) shall be 4% per
17 annum on any unpaid balance thereof. For a loan requested after
18 the effective date of that act, the rate of interest per annum shall be
19 a commercially reasonable rate as required by the Internal Revenue
20 Code to be determined by the State Treasurer on that effective date,
21 and by the board of trustees on January 1 of each calendar year
22 thereafter. An administrative fee in an amount set by the **[State**
23 **Treasurer]** board of trustees for each calendar year may be charged
24 for any loan requested after the effective date of P.L.2007, c.92
25 (C.43:15C-1 et al.).

26 Loans shall be made to a member from his aggregate
27 contributions. The interest earned on such loans shall be treated in
28 the same manner as interest earned from investments of the
29 retirement system.

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

31

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

34 2. In the case of any member who retires without repaying the
35 full amount so borrowed, the **[Division of Pensions and Benefits]**
36 board of trustees shall deduct from the retirement benefit payments
37 the same monthly amount which was deducted from the
38 compensation of the member immediately preceding retirement
39 until the balance of the amount borrowed together with the interest
40 is repaid. In the case of a pensioner who dies before the
41 outstanding balance of the loan and interest thereon has been
42 recovered, the remaining balance shall be repaid from the proceeds
43 of any other benefits payable on the account of the pensioner either
44 in the form of monthly payments due to his beneficiaries or in the
45 form of lump sum payments payable for pension or group life
46 insurance.

47 (cf: P.L.2007, c.92, s.39)

1 20. Section 3 of P.L.1992, c.78 (C.43:16A-16.10) is amended to
2 read as follows:

3 3. The **【Director of the Division of Investment】** board of
4 trustees shall at all times have authority to invest and reinvest the
5 monies in, and to acquire for or on behalf of, the Police and
6 Firemen's Retirement System of New Jersey mortgage loans on
7 residential property.
8 (cf: P.L.1992, c.78, s.3)
9

10 21. Section 4 of P.L.1992, c.78 (C.43:16A-16.11) is amended to
11 read as follows:

12 4. a. In addition to any loan for which he may be eligible
13 pursuant to the provisions of section 18 of P.L.1964, c.241
14 (C.43:16A-16.1) and notwithstanding the provisions of that or any
15 other law to the contrary, any member of the Police and Firemen's
16 Retirement System who, at the time of application, is employed by
17 the State or a county, municipality or other political subdivision of
18 the State and who has at least one year of creditable service is, for
19 the purpose of securing for his own occupation as his principal
20 residence a residential property located within this State, eligible to
21 receive a mortgage loan pursuant to the provisions of this act. The
22 mortgage loan shall be used only for the purpose of enabling a
23 borrower to acquire or construct a residential property or refinance
24 an existing residential property loan.

25 No member shall be eligible hereunder for more than one
26 outstanding mortgage loan at any time, and no member shall be
27 eligible to receive a second mortgage loan on a residential property
28 already mortgaged by him. Preference shall be given in making
29 loans to members who are applying to acquire or construct their
30 first principal place of residence.

31 b. Any mortgage loan made pursuant to the provisions of this
32 act, together with any interest and expenses to the retirement system
33 associated with the making of that loan, shall be repaid in equal
34 installments.

35 c. The amount of interest charged with respect to a mortgage
36 loan made pursuant to the provisions of this act shall be fixed for
37 the entire term of the loan. The New Jersey Housing and Mortgage
38 Finance Agency, established under section 4 of P.L.1983, c.530
39 (C.55:14K-4), shall initially establish the rate within 120 days of
40 the effective date of this act and semiannually reset the rate
41 thereafter. The rate shall be determined by the New Jersey Housing
42 and Mortgage Finance Agency by adding 1% to the index. For the
43 purposes of this subsection, the index shall be the weekly average
44 yield at the time the rate is reset on ten-year United States Treasury
45 securities adjusted to a constant maturity as made available by the
46 Federal Reserve Board. If the issuance of ten-year United States
47 Treasury securities is discontinued, the subsequent index shall be
48 determined by the **【State Treasurer】** board of trustees with the

1 advice of the New Jersey Housing and Mortgage Finance Agency.
2 The term of any mortgage loan so made shall not exceed 30 years.

3 d. No mortgage loan made pursuant to the provisions of this act
4 shall be sold, transferred or assigned to any person, nor shall the
5 payments with respect to any mortgage loan so made be assumed by
6 any person other than the member to whom that loan was made,
7 except that in the event of the death of a member, the mortgage may
8 be assignable to a surviving spouse if the spouse is the sole heir to
9 the property.

10 e. The instrument evidencing a mortgage loan under the
11 provisions of this act may be in such form, and may contain such
12 provisions, not inconsistent with law, as the director may choose to
13 insert for the protection of the retirement system's lien and the
14 preservation of its interest in the real property mortgaged to it.

15 (cf: P.L.2001, c.293, s.1)

16

17 22. Section 5 of P.L.1992, c.78 (C.43:16A-16.12) is amended to
18 read as follows:

19 5. The **【State Treasurer】** board of trustees shall delegate the
20 administration of this mortgage loan program to the New Jersey
21 Housing and Mortgage Finance Agency established under section 4
22 of P.L.1983, c.530 (C.55:14K-4). The agency shall: a. originate
23 loans; b. appraise the value of any real property eligible to be
24 mortgaged under this act; c. guarantee and insure title to the real
25 property; and d. perform any other service necessary to accomplish
26 the purposes of this act in a manner consistent with the protection of
27 the rights of beneficiaries of the retirement system. The cost of the
28 performance of these services in connection with the making of a
29 mortgage loan shall be charged to the borrower and included in the
30 amount of that mortgage loan.

31 (cf: P.L.1992, c.78, s.5)

32

33 23. Section 6 of P.L.1992, c.78 (C.43:16A-16.13) is amended to
34 read as follows:

35 6. The **【State Treasurer】** board of trustees, with the advice of
36 **【the State Investment Council, the Board of Trustees of the Police
37 and Firemen's Retirement System, and】** the New Jersey Housing
38 and Mortgage Finance Agency, shall set mortgage loan standards
39 and guidelines for loans made pursuant to this act, including
40 mortgage loan maturity terms, participation fees, mortgage loan
41 insurance requirements, lender compensation rates, servicing fees,
42 loan-to-value ratios, minimum and maximum mortgage loan
43 amounts and eligibility standards consistent with section 4 of this
44 act.

45 (cf: P.L.1992, c.78, s.6)

46

47 24. Section 9 of P.L.1992, c.78 (C.43:16A-16.16) is amended to
48 read as follows:

1 9. The **【State Treasurer】** board of trustees shall, with the
2 advice of **【the State Investment Council, the Director of the**
3 **Division of Pensions and】** the Executive Director of the New Jersey
4 Housing and Mortgage Finance Agency and in accordance with the
5 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
6 seq.), promulgate any rules and regulations necessary to accomplish
7 the purposes of this act.

8 (cf: P.L.1992, c.78, s.9)

9
10 25. Section 19 of P.L.1964, c.241 (C.43:16A-17.1) is amended
11 to read as follows:

12 19. If possible, whenever any beneficiary shall, in writing,
13 request the **【Division of Pensions】** board of trustees to make
14 deductions from his retirement allowance or pension for the purpose
15 of paying premiums for the pensioners' group health insurance plan
16 or the State Health Benefits program, the **【division】** board may
17 make such deductions and transmit the sums so deducted to the
18 companies carrying the policies. Any such written authorization
19 may be withdrawn by any beneficiary upon filing notice of such
20 withdrawal with the division.

21 (cf: P.L.1971, c.175, s.14)

22
23 26. Section 2 of P.L.1973, c.92 (C.43:16A-48.2) is amended to
24 read as follows:

25 2. a. An eligible officer who is a member of a pension fund
26 established by a county or a county park commission or of the
27 Public Employees' Retirement System shall be permitted to transfer
28 his membership in said fund to the Police and Firemen's Retirement
29 System of New Jersey by waiving all rights and benefits which
30 would otherwise be provided by the county or county park
31 commission pension fund or by the Public Employees' Retirement
32 System. Any such officer will likewise be permitted to continue his
33 membership in the county or county park commission pension fund
34 or in the Public Employees' Retirement System by waiving all
35 rights and benefits which would otherwise be provided by the
36 Police and Firemen's Retirement System. Such waivers shall be
37 accomplished by filing forms satisfactory to the **【New Jersey State**
38 **Division of Pensions】** board of trustees, which is responsible for the
39 administration of the Police and Firemen's Retirement System,
40 within 90 days of the effective date of this act. In the absence of the
41 filing of a timely waiver by any eligible officer his pension status
42 shall remain unchanged and his membership shall not be transferred
43 to the Police and Firemen's Retirement System.

44 b. Each new officer who begins employment following the
45 effective date of this act and who is otherwise eligible, shall be
46 required to enroll in the Police and Firemen's Retirement System of
47 New Jersey as a condition of employment, provided he is otherwise

1 eligible for membership by meeting the appointment, age, and
2 health prescriptions required of all members. As of the effective
3 date of this act, the eligibility of membership for such new officers
4 in the county or county park commission pension fund or in the
5 Public Employees' Retirement System shall be terminated and the
6 membership requirements of such other funds will be deemed
7 satisfied by the enrollment of such employees in the Police and
8 Firemen's Retirement System.

9 c. All officers who, prior to the effective date of this act, were
10 not required to become and who are not members of county or
11 county park commission pension funds or the Public Employees'
12 Retirement System, and who anticipate the receipt of a pension
13 from the county under the provisions of chapter 4 of Title 43 of the
14 Revised Statutes or the "General Noncontributory Pension Act"
15 P.L.1955, c. 263 (C. 43:8B-1 et seq.), shall continue their eligibility
16 for such pension to be paid by the county and shall not be permitted
17 to enroll in the Police and Firemen's Retirement System of New
18 Jersey.

19 (cf: P.L.1973, c.92, s.2)

20

21 27. Section 7 of P.L.1973, c.92 (C.43:16A-48.7) is amended to
22 read as follows:

23 7. The chief fiscal officer of each employer shall transmit to
24 the retirement system such information as the system shall require
25 in order for the **【New Jersey State Division of Pensions】** board of
26 trustees to comply with the provisions of this act.

27 (cf: P.L.1973, c.92, s.7)

28

29 28. Section 20 of P.L.1964, c.241 (C.43:16A-53) is amended to
30 read as follows:

31 20. The **【State Treasurer】** board of trustees is hereby authorized
32 and permitted to purchase from one or more life insurance
33 companies, as determined by him, a group life insurance coverage
34 to provide for the death benefits specified in sections 5 **【,】** and 6,
35 **【7(3)】** subsection (3) of section 7, section 9, and **【10(5) of chapter**
36 **255 of the laws of 1944】** subsection (5) of section 10 of P.L.1944,
37 c.255 (C.43:16A-5 through C.43:16A-7, C.43:16A-9, and
38 C.43:16A-10) and sections 16 and 17 of **【chapter 241 of the laws of**
39 **1964】** P.L.1964, c.241 (C.43:16A-11.1 and C.43:16A-11.2). Such
40 group life insurance coverage may be provided under one or more
41 policies issued to the **【State Treasurer】** board of trustees
42 specifically for this purpose or, in the discretion of the **【State**
43 **Treasurer】** board of trustees, under one or more policies issued to
44 the **【State Treasurer】** board of trustees which provide group life
45 insurance coverage for members of one or more other retirement
46 systems of the State of New Jersey. Whenever such policy or
47 policies of group insurance shall be in effect, the benefits payable

1 thereunder shall be in lieu of the above mentioned death benefits
2 provided by said sections. Any dividend or retrospective rate credit
3 allowed by an insurance company shall be credited in an equitable
4 manner to the special insurance funds from which premiums are
5 paid.

6 (cf: P.L.1967, c.250, s.18)

7

8 29. Section 22 of P.L.1964, c.241 (C.43:16A-55) is amended to
9 read as follows:

10 22. The **【State Treasurer】** board of trustees may, in **【his】** its
11 discretion, determine to purchase group insurance coverage for the
12 death benefit provisions as provided in sections 5**【,】** and 6, **【7(3)】**
13 subsection (3) of section 7, section 9, and 【10(5) of chapter 255 of
14 the laws of 1944】 subsection (5) of section 10 of P.L.1944, c.255
15 (C.43:16A-5 through C.43:16A-7, C.43:16A-9, and C.43:16A-10)
16 and sections 16 and 17 of **【chapter 241 of the laws of 1964】**
17 P.L.1964, c.241 (C.43:16A-11.1 and C.43:16A-11.2), or may
18 determine not to purchase any group insurance coverage for the
19 death benefit provisions heretofore mentioned.

20 (cf: P.L.1967, c.250, s.19)

21

22 30. Section 23 of P.L.1964, c.241 (C.43:16A-56) is amended to
23 read as follows:

24 23. In the event the **【State Treasurer】** board of trustees shall
25 determine to purchase group insurance coverage for the death
26 benefits, premiums for the same shall be paid from a special fund,
27 hereby created, called the "Group Insurance Premium Fund." The
28 **【State Treasurer】** board of trustees shall estimate annually the
29 amount which will be required for premiums for such benefits for
30 the ensuing fiscal year and shall certify such amounts to the
31 participating employers as due and owing from them. The
32 participating employers shall pay over to the **【State Treasurer】**
33 board of trustees the amount for premiums so certified and the
34 **【State Treasurer】** board of trustees shall deposit these amounts in
35 the Group Insurance Premium Fund. During the period such group
36 insurance policy or policies are in effect with respect to members of
37 the Police and Firemen's Retirement System of New Jersey the
38 **【State Treasurer】** board of trustees shall in no way commingle
39 moneys in this fund with any pension fund established by **【chapter**
40 **255 of the laws of 1944】** P.L.1944, c.255 (C.43:16A-1 et seq.).

41 (cf: P.L.1967, c.250, s.20)

42

43 31. Section 24 of P.L.1964, c.241 (C.43:16A-57) is amended to
44 read as follows:

45 24. All reserves and moneys held by the insurance carrier under
46 group life insurance contracts providing for employee contributions
47 pursuant to the provisions of **【chapter 241 of the laws of 1964】**

1 P.L.1964, c.241 (C.43:16A-11.1 et al.), and any amendments and
2 supplements thereto, shall be transferred and merged with those
3 purchased by the **【State Treasurer】** board of trustees.
4 (cf: P.L.1967, c.250, s.21)

5

6 32. Section 2 of P.L.1985, c.221 (C.43:16A-62.3) is amended to
7 read as follows:

8 2. a. Either the transfer to or the initial enrollment in the
9 Police and Firemen's Retirement System of chief investigators,
10 assistant chief investigators, senior investigators and investigators
11 in a county welfare agency is contingent upon the approval of the
12 county. A county may make such a transfer or allow such an
13 enrollment upon the adoption of an ordinance or resolution, as
14 appropriate.

15 b. If an ordinance or resolution is adopted pursuant to
16 subsection a. of this section, an eligible officer who is a member of
17 the Public Employees' Retirement System (P.L.1954, c.84,
18 C.43:15A-1 et seq.) or of a county pension fund created under
19 P.L.1943, c.160 (C.43:10-18.1 et seq.), or P.L.1948, c.310
20 (C.43:10-18.50), or article 1 of chapter 10 of Title 43 of the Revised
21 Statutes (R.S. 43:10-1 et seq.), hereinafter referred to as "county
22 pension fund," shall be permitted to transfer his membership in the
23 retirement system or county pension fund to the Police and
24 Firemen's Retirement System of New Jersey by: (1) waiving all
25 rights and benefits which would otherwise be provided by the
26 Public Employees' Retirement System or county pension fund; and
27 (2) making a lump sum payment into the Police and Firemen's
28 Retirement System annuity savings fund of the amount of the
29 difference between the contribution which was paid as a member of
30 the Public Employees' Retirement System or a county pension fund
31 and the contribution that would have been required if he had been a
32 member of the Police and Firemen's Retirement System since the
33 date of last enrolling in the Public Employees' Retirement System
34 or a county pension fund. In addition, the employee shall be liable
35 for the amount of the difference between (1) the total contribution
36 paid by the employer of the employee to the Public Employees'
37 Retirement System of New Jersey or county pension fund with
38 respect to any service credit transferred therefrom to the Police and
39 Firemen's Retirement System under this subsection, and (2) the
40 contribution which the employer would have been required to pay
41 to the Police and Firemen's Retirement System with respect to that
42 service credit if the employee had been enrolled in the Police and
43 Firemen's Retirement System during the entire period with respect
44 to which he accumulated that credit; this payment may be made in
45 regular monthly installments, or in a lump sum, as the employee
46 may elect, and pursuant to rules and regulations as may be
47 promulgated by the **【Division of Pensions】** board of trustees. Any
48 such officer will likewise be permitted to continue his membership

1 in the Public Employees' Retirement System or county pension fund
2 by waiving all rights and benefits which would otherwise be
3 provided by the Police and Firemen's Retirement System. Such
4 waivers shall be accomplished by filing forms satisfactory to the
5 **【New Jersey Division of Pensions】** board of trustees, which is
6 responsible for the administration of the Police and Firemen's
7 Retirement System, within 90 days following the effective date of
8 an ordinance or resolution adopted by a county under subsection a.
9 of this section. In the absence of a filing of a timely waiver by any
10 eligible officer, his pension status shall remain unchanged and his
11 membership shall not be transferred to the Police and Firemen's
12 Retirement System.

13 c. The transfer of membership from the Public Employees'
14 Retirement System or county pension fund to the Police and
15 Firemen's Retirement System shall be done in accordance with the
16 provisions of P.L. 1973, c. 156 (C. 43:16A-62 et seq.). Whenever in
17 P.L. 1973, c. 156 a period of time is set which is to be calculated
18 from the effective date of that act, such time shall be calculated
19 from the effective date of an ordinance or resolution adopted by a
20 county under subsection a. of this section for the purposes hereof.

21 d. If an ordinance or resolution is adopted pursuant to
22 subsection a. of this section, each new officer who begins
23 employment following the effective date of the ordinance or
24 resolution shall be required to enroll in the Police and Firemen's
25 Retirement System as a condition of employment, provided he is
26 otherwise eligible for membership by meeting appointment, age,
27 and health requirements prescribed for all members. As of the
28 effective date of the ordinance or resolution, eligibility for
29 membership of new officers in the Public Employees' Retirement
30 System shall be deemed terminated and the membership
31 requirements of such other retirement system shall be deemed
32 satisfied by the enrollment of such officers in the Police and
33 Firemen's Retirement System.

34 (cf: P.L.1985, c.221, s.2)

35

36 33. Section 4 of P.L.1973, c.156 (C.43:16A-63) is amended to
37 read as follows:

38 4. a. An eligible officer who is a member of the Public
39 Employees' Retirement System or of a county pension fund created
40 under P.L.1943, c. 160 (C.43:10-18.1 et seq.), or P.L.1948, c. 310
41 (C.43:10-18.50 et seq.) or article 2 of chapter 10 of Title 43 of the
42 Revised Statutes (R.S.43:10-19 et seq.), hereinafter referred to as a
43 "county pension fund" shall be permitted to transfer his
44 membership in said fund to the Police and Firemen's Retirement
45 System of New Jersey by waiving all rights and benefits which
46 would otherwise be provided by the Public Employees' Retirement
47 System or a county pension fund. Any such officer will likewise
48 be permitted to continue his membership in the Public Employees'

1 Retirement System or a county pension fund by waiving all rights
2 and benefits which would otherwise be provided by the Police and
3 Firemen's Retirement System. Such waivers shall be accomplished
4 by filing forms satisfactory to the **【New Jersey Division of**
5 **Pensions】** board of trustees, which is responsible for the
6 administration of the Police and Firemen's Retirement System,
7 within 90 days of the effective date of this 1975 amendatory and
8 supplementary act. In the absence of the filing of a timely waiver
9 by any eligible officer his pension status shall remain unchanged
10 and his membership shall not be transferred to the Police and
11 Firemen's Retirement System.

12 b. Each new officer who begins employment following the
13 effective date of this 1975 amendatory and supplementary act, shall
14 be required to enroll in the Police and Firemen's Retirement System
15 of New Jersey as a condition of employment, provided he is
16 otherwise eligible for membership by meeting the appointment, age,
17 and health prescriptions required of all members. As of the
18 effective date of this 1975 amendatory and supplementary act, the
19 eligibility of membership for such new officers in the Public
20 Employees' Retirement System or a county pension fund named in
21 paragraph a. above shall be terminated and the membership
22 requirements of such other fund will be deemed satisfied by the
23 enrollment of such employees in the Police and Firemen's
24 Retirement System.

25 (cf: P.L.1975, c.303, s.1)

26

27 34. Section 9 of P.L.1973, c.156 (C.43:16A-68) is amended to
28 read as follows:

29 9. The chief fiscal officer of the employer shall transmit to the
30 retirement system such information as the system shall require in
31 order for the **【New Jersey Division of Pensions】** board of trustees
32 to comply with the provisions of this act.

33 (cf: P.L.1973, c.156, s.9)

34

35 35 Section 7 of P.L.1950, c.270 (C.52:18A-85) is amended to
36 read as follows:

37 7. The functions, powers and duties vested by law in the
38 following enumerated agencies:

39 The Board of Trustees of the Public Employees' Retirement
40 System; the Board of Trustees of the State Police Retirement
41 System; the Prison Officers' Pension Commission; the Board of
42 Trustees of the Teachers' Pension and Annuity Fund; **【the Board of**
43 **Trustees of the Police and Firemen's Retirement System of New**
44 **Jersey;】** and the Consolidated Police and Firemen's Pension Fund
45 Commission; of, or relating to, investment or reinvestment of
46 moneys of, and purchase, sale or exchange of any investments or
47 securities of or for any funds or accounts under the control and

1 management of such agencies, are hereby transferred to and shall
 2 be exercised and performed for such agencies by the Director of
 3 the Division of Investment established hereunder. ³Notwithstanding
 4 this provision, the Board of Trustees of the Police and Firemen's
 5 Retirement System shall have the authority to direct investment policy.
 6 The purchase, sale or exchange of any investments or securities under
 7 the control and management of the Board of Trustees of the Police and
 8 Firemen's Retirement System shall be exercised and performed by the
 9 Director of the Division of Investment. Notwithstanding this
 10 provision, Common Pension Fund L and the assets held by Common
 11 Pension Fund L as of the effective date of this Act and thereafter,
 12 including the interest of the Police and Firemen's Retirement System
 13 of New Jersey therein shall remain within the Division of Investment.
 14 The Division of Investment, the Director of the Division of Investment
 15 and the State Investment Council shall retain all functions, powers,
 16 and duties relating to Common Pension Fund L assigned to the
 17 Division of Investment, the Director of the Division of Investment, and
 18 the State Investment Council, by P.L. 2017, c. 98 (C.5:9-22.5 et seq.).³
 19 (cf: P.L.1970, c.57, s.17)

20
 21 36. Section 1 of P.L.1959, c.17 (C.52:18A-88.1) is amended to
 22 read as follows:

23 1. The Director of the Division of Investment, in addition to
 24 other investments, presently or from time to time hereafter
 25 authorized by law, shall have authority to invest and reinvest the
 26 moneys in, and to acquire for or on behalf of the funds of the
 27 following enumerated agencies:

28 The Consolidated Police and Firemen's Pension Fund;
 29 ³The Police and Firemen's Retirement System of New Jersey;³
 30 **【The Police and Firemen's Retirement System of New Jersey;】**
 31 The Prison Officers' Pension Fund;
 32 The Public Employees' Retirement System of New Jersey;
 33 The State Police Retirement System;
 34 The Teachers' Pension and Annuity Fund;
 35 The Judicial Retirement System of New Jersey;
 36 The Trustees for the Support of Public Schools;

37 and all other funds in the custody of the State Treasurer, unless
 38 otherwise provided by law;

39 such investments which shall be authorized or approved for
 40 investment by regulation of the State Investment Council ³, or in the
 41 case of the Police and Firemen's Retirement System of New Jersey,
 42 by regulation of the Board of Trustees of the Police and Firemen's
 43 Retirement System of New Jersey, except that notwithstanding this
 44 provision, Common Pension Fund L and the assets held by
 45 Common Pension Fund L as of the effective date of this Act and
 46 thereafter, including the interest of the Police and Firemen's
 47 Retirement System of New Jersey therein shall remain within the
 48 Division of Investment. The Director of the Division of Investment

1 and the State Investment Council shall retain all functions, powers,
2 and duties relating to Common Pension Fund L assigned to the
3 Division of Investment, the Director of the Division of Investment,
4 and the State Investment Council, by P.L. 2017, c. 98 (C.5:9-22.5 et
5 seq.)³.

6 (cf: P.L.2013, c.253, s.39)

7

8 37. Section 11 of P.L.1950, c.270 (C.52:18A-89) is amended to
9 read as follows:

10 11. a. Limitations, conditions and restrictions contained in any
11 law concerning the kind or nature of investment of any of the
12 moneys of any of the funds or accounts referred to herein shall
13 continue in full force and effect; provided, however, that subject to
14 any acceptance required, or limitation or restriction contained
15 herein: the Director of the Division of Investment shall at all times
16 have authority to invest and reinvest any such moneys in
17 investments as defined in subsection c. of this section and, for or on
18 behalf of any such fund or account, to sell or exchange any such
19 investments; provided, however, that the Board of Trustees of the
20 Police and Firemen's Retirement System of New Jersey shall have
21 ³[sole] the³ authority to ³[invest and reinvest moneys] direct the
22 investment and reinvestment policies³ for or on behalf of the Police
23 and Firemen's Retirement System of New Jersey ³, with the
24 exception of those monies held by Common Pension Fund L as of
25 the effective date of this act and thereafter, which the Board of
26 Trustees of the Police and Firemen's Retirement System of New
27 Jersey shall have no authority to direct investment associated with
28 the Common Pension Fund L. The Director of the Division of
29 Investment shall retain all functions, powers, and duties pursuant to
30 P.L. 2017, c. 98 (C.5:9-22.5 et seq.)³.

31 b. In investing and reinvesting any and all money and property
32 committed to the director's investment discretion from any source
33 whatsoever, and in acquiring, retaining, selling, exchanging and
34 managing investments, the Director of the Division of Investment,
35 and in the case of the Police and Firemen's Retirement System of
36 New Jersey, the Board of Trustees of the Police and Firemen's
37 Retirement System of New Jersey, shall exercise the care, skill,
38 prudence and diligence under the circumstances then prevailing that
39 a prudent person acting in a like capacity and familiar with such
40 matters would use in the conduct of an enterprise of a like character
41 and with like aims. In making each investment, the director may,
42 depending on the nature and objectives of the portfolio, consider the
43 whole portfolio, provided that, in making each investment, the
44 director shall act with the reasonable expectation that the return on
45 each investment shall be commensurate with the risk associated
46 with each investment. The director ³[or board of trustees]³ shall be
47 under a duty to manage and invest the portfolio solely in the

1 interests of the beneficiaries of the portfolio and for the exclusive
2 purpose of providing financial benefits to the beneficiaries of the
3 portfolio.

4 c. For the purposes of this section, "investments" means and
5 includes property of every nature, real, personal and mixed, tangible
6 and intangible, and specifically includes, solely by way of
7 description and not by way of limitation, bonds, debentures and
8 other corporate obligations, direct and indirect investments in
9 equity real estate , mortgages and other direct or indirect interests
10 in real estate or investments secured by real estate, capital stocks,
11 common stocks, preferred stocks, diversified pools of venture
12 capital which otherwise could be made consistent with the standard
13 of care required by subsection b. of this section, common trust
14 funds as defined in and regulated by sections 36 through 46 of
15 P.L.1948, c.67 (C.17:9A-36 through 17:9A-46), repurchase
16 agreements, securities loan transactions secured by cash, securities
17 issued by the United States government or its agencies, or
18 irrevocable bank letters of credit, whether directly or through a
19 bank or similar financial institution acting as agent or trustee,
20 mutual funds, and any other security issued by an investment
21 company or investment trust, whether managed or not by third
22 parties, registered under the "Investment Company Act of 1940,"
23 (15 U.S.C. s.80a-1 et seq.). No investment that is otherwise
24 permissible under this subsection shall be considered to be unlawful
25 solely because the investment is made indirectly or through a
26 partnership, trust, or other legal entity.
27 (cf: P.L.1997, c.26, s.26)

28

29 38. All of the present functions, powers, ³and³ duties ³[,
30 equipment, and records]³ relating to the Police and Firemen's
31 Retirement System of New Jersey in the Division of Pensions and
32 Benefits in the Department of the Treasury ³[and the Division of
33 Investment]³ are hereby transferred to the Board of Trustees of the
34 Police and Firemen's Retirement System of New Jersey ³, except
35 that the Board of Trustees of the Police and Firemen's Retirement
36 System of New Jersey may contract with the Division of Pension
37 and Benefits in the Department of Treasury to effectuate the goals
38 of this Act. The Department of Treasury and the Division of
39 Investment shall retain all functions, powers, duties, equipment and
40 records relating to Common Pension Fund L assigned to the
41 Department of the Treasury and the Division of Investment by P.L.
42 2017, c.98 (C.5:9-22.5 et. seq.). Copies of records relating to the
43 Police and Firemen's Retirement System of New Jersey in the
44 Division of Pensions and Benefits in the Department of the
45 Treasury and the Division of Investment shall be made available to
46 the Board of Trustees of the Police and Firemen's Retirement
47 System of New Jersey upon request³.

1 39. The terms of service of those appointed and elected
2 members serving on the Board of Trustees of the Police and
3 Firemen's Retirement System on the date of enactment of P.L. , c.
4 (pending before the Legislature as this bill), shall be terminated as
5 of the first day of the seventh month next following that date of
6 enactment, so that the composition of the board as provided for in
7 this act shall be attained. A trustee whose service on the board has
8 been terminated pursuant to this section may be appointed or
9 elected to serve as a trustee after that effective date if qualified.

10
11 ³40. Section 5 of P.L.1950, c.270 (C.52:18A-83) is amended to
12 read as follows:

13 5. a. There is hereby established in the Division of Investment
14 a State Investment Council which shall consist of 16 members.

15 (1) Each of the following agencies, namely, the Board of
16 Trustees of the Public Employees' Retirement System, and the
17 Board of Trustees of the Teachers' Pension and Annuity Fund **】, and**
18 the Board of Trustees of the Police and Firemen's Retirement
19 System of New Jersey**】, shall designate one board member elected**
20 to serve on the board, to serve as a member of the State Investment
21 Council herein established. The **【three】** two members of the
22 council so designated shall serve as such for a period of three years
23 from the date of their designation and until their respective
24 successors are in like manner designated.

25 (2) Eight of the members of the State Investment Council shall
26 be appointed by the Governor, with the advice and consent of the
27 Senate, for a term of five years and shall serve until the member's
28 successor is appointed and has qualified. Of the initial members
29 appointed following the effective date of P.L.2011, c.78, one shall
30 serve for an initial period of three years, and one shall serve for an
31 initial period of two years.

32 (3) One member of the State Investment Council shall be
33 appointed by the Governor from among three persons nominated
34 jointly by the President of the Senate and the Speaker of the
35 General Assembly and shall serve for a term of five years and until
36 the member's successor is appointed and has qualified.

37 (4) Two members of the State Investment Council shall be
38 appointed by the Governor from among six persons nominated by
39 the Public Employee Committee of the New Jersey State AFL-CIO
40 and shall serve for a term of five years and until the member's
41 successor is appointed and has qualified. **【At least one of the two**
42 **members appointed shall be a member of a union representing**
43 **police officers or firefighters.】** If the persons nominated are not
44 acceptable to the Governor for appointment, the Governor may
45 request submission of new nominees.

46 (5) One member of the State Investment Council shall be
47 appointed by the Governor from among three persons nominated by

1 the New Jersey Education Association and shall serve for a term of
2 three years and until the member's successor is appointed and has
3 qualified. If the persons nominated are not acceptable to the
4 Governor for appointment, the Governor may request submission of
5 new nominees.

6 (6) One member of the State Investment Council shall be
7 appointed by the Governor from among three persons nominated by
8 the State Troopers Fraternal Association and shall serve for a term
9 of three years and until the member's successor is appointed and has
10 qualified. If the persons nominated are not acceptable to the
11 Governor for appointment, the Governor may request submission of
12 new nominees.

13 The four members appointed pursuant to paragraphs (4), (5) and
14 (6) of this subsection by the Governor to the council shall be
15 qualified by training, experience or long-term interest in the direct
16 management, analysis, supervision or investment of assets, and this
17 training, experience or long-term interest shall have been
18 supplemented by academic training in the fields of economics,
19 business, law, finance or actuarial science or by actual employment
20 in those fields.

21 At least seven of the nine members appointed pursuant to
22 paragraphs (2) and (3) of this subsection by the Governor to the
23 council shall be qualified by training and experience in the direct
24 management, analysis, supervision or investment of assets, which
25 training and experience shall have been acquired through academic
26 training or through actual employment in those fields.

27 b. No member of the State Investment Council shall hold any
28 office, position or employment in any political party nor shall any
29 such member benefit directly or indirectly from any transaction
30 made by the Director of the Division of Investment provided for
31 herein.

32 The members of the council shall elect annually from their
33 number a chairman of such council. Any member of the council so
34 elected shall serve as such chairman for a term of one year and until
35 a successor is, in like manner, elected. The chairman of the council
36 shall be its presiding officer.

37 The members of the council shall serve without compensation
38 but shall be reimbursed for necessary expenses incurred in the
39 performance of their duties as approved by the chairman of the
40 council. The members of the council shall be required to file the
41 same annual financial disclosure statements as those required to be
42 filed by members of other State boards and commissions who are
43 not compensated for their services, as such statements shall be
44 required by law or executive order of the Governor. The financial
45 disclosure statements of council members shall be made available to
46 the public in the same manner as the statements of members of
47 other State boards and commissions are made available to the
48 public.

1 Each member of the council, except the member appointed from
2 among persons nominated by the President of the Senate and the
3 Speaker of the General Assembly, may be removed from office by
4 the Governor, for cause, upon notice and opportunity to be heard at
5 a public hearing. Any vacancy in the membership of the council
6 occurring other than by expiration of term shall be filled in the same
7 manner as the original appointment, but for the unexpired term
8 only.

9 c. The terms of the members of the council serving pursuant to
10 paragraph (1) of subsection a. of this section and serving on the
11 effective date of P.L.2011, c.78 are terminated as of that effective
12 date. A member terminated pursuant to this subsection shall be
13 eligible for reappointment.³
14 (cf: P.L.2011, c.78, s.28)

15

16 ³[40.] 41.³ Section 1 of P.L.1947, c.217 (C.43:16A-13.1) is
17 repealed.

18

19 ³[41.] 42.³ This act shall take effect on the 366th day next
20 following enactment, except the provisions concerning the election,
21 appointment, and composition of the new Board of Trustees of the
22 Police and Firemen's Retirement System, set forth in section 15 of
23 this act, shall take effect as specified in that section and the new
24 Board of Trustees of the Police and Firemen's Retirement System
25 shall take office on the first business day of the seventh month next
26 following the date of enactment of this act. The Board of Trustees
27 of the Police and Firemen's Retirement System, the Division of
28 Pensions and Benefits, and the Division of Investment may take
29 such anticipatory administrative action in advance as shall be
30 necessary for the implementation of the act.

31

32

33

34

35 Transfers management of PFRS to Board of Trustees of PFRS.