

# ASSEMBLY, No. 3325

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED OCTOBER 7, 2010

**Sponsored by:**

**Assemblyman JOHN J. BURZICHELLI**

**District 3 (Salem, Cumberland and Gloucester)**

**SYNOPSIS**

Creates New Jersey Public Employee Benefits Board to administer retirement systems and health care benefit programs for public employees.

**CURRENT VERSION OF TEXT**

As introduced.



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2

1 AN ACT concerning retirement and health care benefits for public  
2 employees, and amending various parts of the statutory law,  
3 supplementing Title 43 of the Revised Statutes, and repealing  
4 various parts of the statutory law.

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

8  
9 1. (New section) There is established the New Jersey Public  
10 Employee Benefits Board in, but not of, the Department of the  
11 Treasury in the Executive Branch of State government. For the  
12 purpose of complying with the provisions of Article V, Section IV,  
13 paragraph 1 of the New Jersey Constitution, the New Jersey Public  
14 Employee Benefits Board is allocated within the Department of the  
15 Treasury, but, notwithstanding this allocation, the board shall be  
16 independent of any supervision or control by the department or by  
17 any officer or employee thereof. Under this name, all business of  
18 the board shall be conducted and transacted, all moneys under the  
19 authority and control of the board shall be invested, all payments  
20 from various funds and accounts under the authority and control of  
21 the board shall be made, and all the cash, securities, and other  
22 property under the authority and control of the board shall be held.

23 The board shall have all the authority, functions, duties, and  
24 responsibilities as shall be necessary and appropriate to create,  
25 implement, administer, operate, or modify, or terminate when  
26 specifically permitted, the pension and health care benefit systems,  
27 funds, plans, or programs administered by the State, and the  
28 policies, procedures, and regulations thereof, provided to public  
29 employees of the State and of the political subdivisions of the State,  
30 and their dependents, beneficiaries, and survivors, in accordance  
31 with this act, P.L. , c. (C. )(pending before the Legislature as  
32 this bill), and in accordance with various statutes providing for and  
33 regulating such pension and health care benefits.

34 A used in this act, P.L. , c. (C. )(pending before the  
35 Legislature as this bill), "board" means the New Jersey Public  
36 Employee Benefits Board.

37  
38 2. (New section) a. The board shall be composed of 16  
39 members as follows:

40 (1) the State Treasurer, ex officio, or a designee;

41 (2) the Chairperson of the Civil Service Commission, ex officio;  
42 or a designee;

43 (3) the Director of the Administrative Office of the Courts, ex  
44 officio, or a designee;

**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.**

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1 (4) two persons serving in an elective public office as a mayor,  
2 appointed by the Governor;

3 (5) two persons serving in an elective public office as a member  
4 of a board of chosen freeholders, appointed by the Governor;

5 (6) a public employees' representative serving as an officer of  
6 the Communication Workers' of America, appointed by the  
7 Governor;

8 (7) a public employees' representative serving as an officer of  
9 the New Jersey Education Association, appointed by the Governor;

10 (8) a public employees' representative serving as an officer of  
11 the American Federation of State, County, and Municipal  
12 Employees, appointed by the Governor;

13 (9) a public employees' representative serving as an officer of  
14 the Policemen's Benevolent Association, appointed by the  
15 Governor;

16 (10) a public employees' representative serving as an officer of  
17 the Fraternal Order of Police, appointed by the Governor;

18 (11) a public employees' representative serving as an officer of  
19 the International Federation of Professional and Technical  
20 Engineers, appointed by the Governor;

21 (12) a public employees' representative serving as an officer of  
22 the State Troopers Fraternal Association, appointed by the  
23 Governor;

24 (13) one member of the public appointed by the Governor from  
25 among persons recommended by the Speaker of the General  
26 Assembly, who shall not be a holder of an elective public office or  
27 an active or retired public officer or employee; and

28 (14) one member of the public appointed by the Governor from  
29 among persons recommended by the President of the Senate, who  
30 shall not be a holder of an elective public office or an active or  
31 retired public officer or employee.

32 All the appointments made by the Governor in accordance with  
33 paragraphs (4) through (12) of this subsection shall be made with  
34 the advice and consent of the Senate.

35 b. Members of the board appointed pursuant to paragraphs (4)  
36 through (14), inclusive, of subsection a. of this section shall serve  
37 while qualified for a term of five years and until the qualified  
38 successor is appointed. Of the initial appointments, three members  
39 shall serve for a term of three years, five members shall serve for a  
40 term of four years, and five members shall serve for a term of five  
41 years.

42 Members of the board appointed pursuant to paragraphs (4) and  
43 (5) of subsection a. of this section shall be qualified to serve only  
44 while holding the elective public office held at the time of the  
45 appointment.

46 Members of the board appointed pursuant to paragraphs (6)  
47 through (12), inclusive, of subsection a. of this section shall be

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1 qualified to serve only while holding the office held at the time of  
2 the appointment.

3 A vacancy in the membership of the board occurring other than  
4 by expiration of term shall be filled in the same manner as the  
5 original appointment, but for the unexpired term only.

6 c. Members of the board appointed pursuant to paragraphs (4)  
7 through (12), inclusive, of subsection a. of this section may be  
8 removed from the board by the Governor for cause, upon notice and  
9 opportunity to be heard at a public hearing. Members of the board  
10 appointed pursuant to paragraphs (4) through (12), inclusive, of  
11 subsection a. of this section who shall miss three consecutive  
12 meetings of the full board without being excused for good cause by  
13 the chairperson shall be deemed to have vacated the office.

14 d. A member of the board shall, upon appointment, take an  
15 oath of office that, so far as it devolves upon the member, the  
16 member will diligently and honestly fulfill the duties of member of  
17 the board, and that the member will not knowingly violate or  
18 willingly permit to be violated any provision of law. The oath shall  
19 be subscribed by the member making it, certified by the officer  
20 before whom it is taken, and immediately filed in the office of the  
21 Secretary of State.

22  
23 3. (New section) a. The members of the board shall serve  
24 without compensation, but the board may reimburse its members,  
25 other than those serving ex officio, for actual and necessary  
26 expenses incurred in the discharge of their duties as approved by  
27 the chairperson of the board, within the limits of any funds made  
28 available by the board for that purpose. A member who is a public  
29 employee shall not suffer loss of salary or wages during service on  
30 the board.

31 b. A member or an employee of the board shall not have a  
32 direct interest in the gains or profits of any investments under the  
33 authority and control of the board, nor shall a member or an  
34 employee of the board directly or indirectly, for himself or as an  
35 agent, in any manner use the funds or accounts under the authority  
36 and control of the board except to make such current and necessary  
37 payments as are authorized by the board, nor shall a member or an  
38 employee of the board become an endorser or surety, or in any  
39 manner an obligor, for moneys loaned to or borrowed from the  
40 funds or accounts.

41  
42 4. (New section) a. The members of the board shall elect  
43 annually a chairperson from among the members. The member of  
44 the board so elected shall serve as the chairperson for a term of one  
45 year and until a successor is elected. The chairperson shall be the  
46 presiding officer of the board.

1       b. Actions of the board shall require the affirmative vote of a  
2 majority of the members present at a meeting at which a majority of  
3 the full authorized membership is present.

4       c. If the Director of the Division of Investment in the  
5 Department of the Treasury is administering all activities and  
6 implementing all decisions of the board concerning investment  
7 matters, the members of the board shall elect from among the  
8 members four members to serve on the State Investment Council as  
9 representatives of the board. The members so elected shall serve as  
10 such for a period of three years from the date of their election and  
11 until their respective successors are elected.

12  
13       5. (New section) The board shall to the extent deemed  
14 necessary and appropriate for the purposes of the board or to carry  
15 out any power expressly given by law:

16       a. appoint such employees as needed to cause the work of the  
17 board to be performed in such manner and according to such  
18 procedures as the board determines;

19       b. establish bureaus, divisions, committees, or units to cause  
20 the work of the board to be performed in such manner and  
21 according to such procedures as the board determines;

22       c. assign and reassign personnel within the board's bureaus,  
23 divisions, committees, or units;

24       d. retain actuaries and consultants;

25       e. maintain a management information system;

26       f. audit reports and transactions for conformity with the law  
27 and regulations promulgated thereto and with the requirements of  
28 the board;

29       g. conduct studies of various matters;

30       h. issue special or periodic reports;

31       i. establish subcommittees and advisory bodies;

32       j. assess fees or costs;

33       k. develop and maintain a program for the continuing training  
34 and education of public employers and certifying officers in regard  
35 to their responsibilities under the law;

36       l. award contracts in accordance with the law governing the  
37 awarding of contracts by the State;

38       m. enter into an agreement or contract, execute a legal  
39 document, or perform any act or thing necessary, convenient, or  
40 desirable;

41       n. call to its assistance and avail itself of the services of the  
42 employees of any State, county, or municipal department, board,  
43 commission, or agency as made available for the purposes of the  
44 board;

45       o. establish programs for public employers and public  
46 employees;

47       p. delegate decision making authority to the various bureaus,  
48 divisions, committees, or units established by the board or to the

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1 various boards or commissions placed under the authority and  
2 control of the board; and

3 q. promulgate and enforce rules or regulations in accordance  
4 with the "Administrative Procedure Act," P.L.1968, c.410  
5 (C.52:14B-1 et seq.).

6  
7 6. (New section) a. The board shall appoint an executive  
8 director. The executive director shall be the chief administrative  
9 officer and secretary of the board who shall be charged with the  
10 responsibility of administering all activities and implementing all  
11 decisions of the board. The executive director shall be appointed by  
12 the board to serve at its pleasure and shall receive such  
13 compensation as the board shall determine.

14 The executive director shall be a person qualified by training and  
15 experience to perform the duties of the office. The executive  
16 director shall serve as a member of the senior executive or  
17 unclassified service and may be appointed without regard to Title  
18 11A of the New Jersey Statutes.

19 b. The executive director shall serve as, or shall designate from  
20 among the employees of the board, the secretary for the board of  
21 trustees of each State-administered retirement system or retirement  
22 plan created by statute or by the board, for the State Health Benefits  
23 Commission, and for any other board or commission that is under  
24 the authority or control of the board.

25  
26 7. (New section) The board shall develop and implement a  
27 plan for the consolidation and coordination of personnel of the  
28 board, including, but not limited to, classification, compensation,  
29 and workforce planning, and for transfer to the board of such  
30 employees, positions, funding, facilities, equipment, powers, and  
31 duties from the Executive Branch of State government in  
32 accordance with this act, P.L. , c. (C. )(pending before the  
33 Legislature as this bill), as necessary and appropriate to effectuate  
34 such consolidation and coordination.

35  
36 8. (New section) a. The board shall keep a record of all of its  
37 proceedings. The records of the board shall be open to the public  
38 for inspection, copying, or examination in accordance with  
39 P.L.1963, c.73 (C.47:1A-1 et seq.). The board shall comply with  
40 the "Senator Byron M. Baer Open Public Meetings Act," P.L.1975,  
41 c.231 (C.10:4-6 et seq.).

42 b. The board shall provide for the conduct of such audits,  
43 valuations, and financial reports with regard to the various pension  
44 and health care benefits systems, funds, plans, and programs as  
45 shall provide a clear and direct understanding of their financial  
46 condition. The audits, valuations, and reports shall be conducted in  
47 compliance with any reporting standards as may be required by  
48 federal or State law or by prevailing national and professional

1 standards, rules, and practices relating to the government  
2 environment.

3 Each State-administered retirement system and the State Health  
4 Benefits Commission shall publish annually any report as may be  
5 required by law, with such details as may be required by law or the  
6 board.

7 c. The board shall publish annually a report describing the  
8 actions, decisions, and transactions of the board for the preceding  
9 calendar year, and providing financial information on the various  
10 pension and health care benefits systems, funds, plans, and  
11 programs under the authority and control of the board. The report  
12 shall include pertinent information from any audit, actuarial  
13 valuation of assets and liabilities, or financial reports that may be  
14 complete and available. The board shall submit the report to the  
15 Governor and the Legislature, and shall post a copy on the Internet  
16 site of the board for the use of public employers, public employees,  
17 and the public.

18

19 9. (New section) The Attorney General shall be the legal  
20 adviser to the board, to the boards of trustees or commissions of the  
21 various State-administered retirement systems and retirements plans  
22 created by statute or by the board, to the State Health Benefits  
23 Commission and the School Employees' Health Benefits Program,  
24 and to any other board or commission that is under the authority or  
25 control of the board. If the Attorney General determines that a  
26 conflict of interest would affect the ability of the Attorney General  
27 to render such representation on a matter, the board may select and  
28 employ legal counsel to advise and render such representation on  
29 that matter.

30

31 10. (New section) a. The board shall select, in accordance with  
32 the law governing the awarding of contracts by the State and under  
33 such terms and conditions as the board shall deem necessary and  
34 appropriate, the actuary or actuaries for the State-administered  
35 retirement systems and retirement plans created by statute or by the  
36 board. The actuary shall be the technical adviser of the board and  
37 the boards of trustees or commissions of the State-administered  
38 retirement systems and retirement plans on matters regarding the  
39 operation of the systems or plans and shall perform such other  
40 duties as are required in connection therewith.

41 b. The board shall select, in accordance with the law governing  
42 the awarding of contracts by the State and under such terms and  
43 conditions as the board shall deem necessary and appropriate, such  
44 other consultants or professionals as the board shall deem necessary  
45 and appropriate for the purposes of the board or to carry out any  
46 power expressly given by law.

1 11. (New section) The board shall establish a finance  
2 committee. The committee shall have such authority, functions,  
3 duties, and responsibilities as the board shall direct.

4 The finance committee shall consist of five members of the  
5 board, one of whom shall be the State Treasurer and one of whom  
6 shall be from among the members, if any, elected by the members  
7 of the board to serve on the State Investment Council. The  
8 members of the board shall elect annually from among the  
9 members, the four members, other than the State Treasurer, to serve  
10 on the finance committee. The members of the finance committee  
11 shall elect annually from among the members of the committee a  
12 chairperson to serve for a term of one year and until the successor is  
13 elected. A quorum of the finance committee shall consist of three  
14 members thereof.

15

16 12. (New section) The board shall have the power to administer  
17 oaths, take affidavits and depositions of witnesses, and issue  
18 subpoenas for and compel the attendance of witnesses and the  
19 production of papers, books, accounts, payrolls, documents,  
20 records, testimony and other evidence of whatever description. In  
21 the case of the failure of any person to comply with any order of the  
22 board or subpoena, lawfully issued, or on the refusal of any witness  
23 to produce evidence or to testify as to any matter regarding which  
24 the person may be lawfully interrogated, it shall be the duty of the  
25 Superior Court, or the judge thereof, upon application by the board  
26 to compel obedience by proceedings for contempt, as in the case of  
27 disobedience of a subpoena issued for such court or a refusal to  
28 testify therein. The boards of trustees and commissions under the  
29 authority and control of the board shall also have this power when  
30 the board so provides.

31

32 13. (New section) a. The board shall have all the authority,  
33 functions, duties, and responsibilities as shall be necessary and  
34 appropriate to administer the State-administered retirement systems  
35 in accordance with this act, P.L. , c. (C. )(pending before  
36 the Legislature as this bill), and in accordance with various statutes  
37 providing for and regulating such systems and the policies,  
38 procedures, and regulations of those systems.

39 As used in this act, P.L. , c. (C. )(pending before the  
40 Legislature as this bill), "State-administered retirement systems"  
41 means, unless a different meaning clearly appears from the context:  
42 the Teachers' Pension and Annuity Fund, established pursuant to  
43 N.J.S.18A:66-1 et seq.;

44 the Public Employees' Retirement System, established pursuant  
45 to P.L.1954, c.84 (C.43:15A-1 et seq.);

46 the Police and Firemen's Retirement System, established  
47 pursuant to P.L.1944, c.255 (C.43:16A-1 et seq.);

1 the State Police Retirement System, established pursuant to  
2 P.L.1965, c.89 (C.53:5A-1 et seq.);  
3 the Judicial Retirement System, established pursuant to  
4 P.L.1973, c.140 (C.43:6A-1 et seq.);  
5 the Prison Officers' Pension Fund, established pursuant to  
6 P.L.1941, c.220 (C.43:7-7 et seq.);  
7 the Consolidated Police and Firemen's Pension Fund, established  
8 pursuant to R.S.43:16-1 et seq.;  
9 the Alternate Benefit Program, established pursuant to P.L.1969,  
10 c.242 (C.18A:66-167 et seq.);  
11 the Defined Contribution Retirement Program, established  
12 pursuant to P.L.2007, c.92 (C.43:15C-1 et seq.); and  
13 such other system or program as the Division of Pensions and  
14 Benefits in the Department of the Treasury may be administering on  
15 the effective date of this act, P.L. , c. (C. )(pending before the  
16 Legislature as this bill).

17 The boards of trustees established by law for the State-  
18 administered retirement systems shall continue to operate after the  
19 effective date of this act, P.L. , c. (C. )(pending before  
20 the Legislature as this bill), under the authority and control of the  
21 board. The board may delegate such authority, function, duty, or  
22 responsibility to the boards of trustees as it may deem necessary  
23 and appropriate for the efficient administration of the State-  
24 administered retirement systems. The boards of trustees shall serve  
25 such advisory role as the board shall determine necessary and  
26 appropriate. The board shall retain final decision authority on such  
27 matters as the board shall deem necessary and appropriate for the  
28 efficient administration of the State-administered retirement  
29 systems. A reference in a statute, rule, or regulation to an authority,  
30 function, duty, or responsibility of a board of trustees of a State-  
31 administered retirement system shall mean and be a reference to the  
32 board, or the board of trustees, or both, as appropriate in accordance  
33 with this act and various relevant law.

34 The authority, functions, duties, and responsibilities of the board  
35 shall not include the purchase of life insurance for the provision of  
36 a death benefit for a member of a State-administered retirement  
37 system when a statute specifically provides for that function, duty,  
38 or responsibility to be performed by the State Treasurer, except that  
39 the board may elect to assume the authority, functions, duties, and  
40 responsibilities for the matter at any time. If the board makes such  
41 an election, the board shall consult and coordinate with the State  
42 Treasurer on the matter as is necessary and appropriate for the  
43 transfer. The board may elect to return the authority, functions,  
44 duties, and responsibilities to the State Treasurer at any time with  
45 the consent of the State Treasurer.

46 b. The board shall have all the authority, functions, duties, and  
47 responsibilities as shall be necessary and appropriate to administer  
48 the State Health Benefits Program and the School Employees'

1 Health Benefits Program, in accordance with this act,  
2 P.L. , c. (C. )(pending before the Legislature as this bill),  
3 and in accordance with various statutes providing for and regulating  
4 the programs and the policies, procedures, and regulations of the  
5 programs

6 The State Health Benefits Commission established by law for the  
7 administration of the State Health Benefits Program and the School  
8 Employees' Health Benefits Commission established by law for the  
9 administration of the School Employees' Health Benefits Program  
10 shall continue to operate after the effective date of this act, P.L. ,  
11 c. (C. )(pending before the Legislature as this bill),  
12 under the authority and control of the board. The board may  
13 delegate such authority, function, duty, or responsibility to the  
14 commissions as it may deem necessary and appropriate for the  
15 efficient administration of the programs. The commissions shall  
16 serve such advisory role as the board shall determine necessary and  
17 appropriate. The board shall retain final decision authority on such  
18 matters as the board shall deem necessary and appropriate for the  
19 efficient administration of the programs. A reference in a statute,  
20 rule, or regulation to an authority, function, duty, or responsibility  
21 of a commission shall mean and be a reference to the board, or the  
22 commission, or both, as appropriate in accordance with this act and  
23 various relevant law.

24 c. The board shall have all the authority, functions, duties, and  
25 responsibilities as shall be necessary and appropriate to administer  
26 the following programs in accordance with this act,  
27 P.L. , c. (C. )(pending before the Legislature as this bill),  
28 and in accordance with the various statutes providing for and  
29 regulating the programs and the policies, procedures, and  
30 regulations of the programs:

31 the Supplemental Annuity Collective Trust, established pursuant  
32 to P.L.1963, c.123 (C.52:18A-107 et seq.);

33 the New Jersey State Employees Deferred Compensation Plan,  
34 established pursuant to P.L.1978, c.39 (C.52:18A-163 et seq.);

35 the Additional Contributions Tax-Sheltered (ACTS) Program;

36 the State Employees Tax Savings Program;

37 the State Employees Commuter Tax Savings Program,  
38 authorized under section 1 of P.L.2001, c.162 (C.52:14-15.1b);

39 the Volunteer Emergency-Worker's Survivors Pension,  
40 authorized under sections 1 and 2 of P.L.1957, c.168 (C.43:12-28.1  
41 and 28.2); and

42 such other program as the Division of Pensions and Benefits in  
43 the Department of the Treasury and the State Health Benefits  
44 Commission may be administering on the effective date of this act,  
45 P.L. , c. (C. )(pending before the Legislature as this bill).

46

47 14. (New section) a. The board shall have all the authority,  
48 functions, duties, and responsibilities to create, implement,

1 administer, operate, modify, and terminate several defined benefit  
2 retirement plans, not to exceed four in number, in addition to the  
3 State-administered retirement systems defined in section 13 of this  
4 act, P.L. , c. (C. )(pending before the Legislature as this bill),  
5 in order to provide a range of benefits and cost options for pensions  
6 available to public employers and public employees. A public  
7 employer or public employee may elect, in accordance with this act,  
8 P.L. , c. (C. )(pending before the Legislature as this bill),  
9 various relevant statutes, and the policies, procedures, and  
10 regulations of the board, to participate in such plans as an  
11 alternative to the mandatory participation in the State-administered  
12 retirement systems. Any such plan created shall be consistent with  
13 (1) the requirements of federal law, the Internal Revenue Code, and  
14 the rulings of the Internal Revenue Service, (2) the policies inherent  
15 in State laws concerning pensions for public employees, and (3) the  
16 public interest. The board shall reserve the authority under each  
17 such plan created to periodically adjust the contribution rate  
18 required of the public employer and public employee based on  
19 valuation reports prepared by the actuary of the plan.

20 For a plan created, the board shall, in writing, describe the  
21 benefits, terms, conditions, and procedures of the plan with  
22 specificity. The board shall determine the rate of contribution by,  
23 or the manner in which the contribution is to be calculated for, the  
24 public employee and public employer; the types of retirements for  
25 which benefits are provided; the formula or means by which the  
26 benefits are to be calculated; and the benefit options that may be  
27 chosen. A board may, but need not, provide in the plan for a death  
28 benefit, for loans, or for the purchase of service credit. The board  
29 may exclude from the plan the application of the "Pension  
30 Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.). The board  
31 shall follow generally the procedural and administrative provisions  
32 of the Public Employees' Retirement System for each plan created.  
33 The board shall provide for a board of trustees for each such plan  
34 created. Provisions of law that reference generally a pension or  
35 retirement system or fund shall apply to a retirement plan created  
36 by the board, to ensure consistency in operation among the various  
37 pension or retirement funds, systems, or plans, unless modification  
38 or exclusion of that application is permitted by this act or by the  
39 nature of the retirement plan.

40 b. The board shall administer the State Health Benefits  
41 Program, established pursuant to P.L.1961, c.49 (C.52:14-17.27), in  
42 a manner that provides several health care benefit plans for public  
43 employers and public employees, in order to provide a range of  
44 benefits and cost options for health care available to public  
45 employers and public employees. The board shall ensure that the  
46 program offers at all times a basic benefits health care plan that  
47 would provide adequate health care at a highly competitive cost to

1 the public employers and public employees electing to participate in  
2 the plan.

3 c. The board is empowered to create, implement, administer,  
4 operate, modify or terminate such additional retirement or health  
5 care benefit programs as the board determines to be necessary and  
6 appropriate and not inconsistent with this act,  
7 P.L. , c. (C. )(pending before the Legislature as this bill).

8 d. In considering the creation, implementation, administration,  
9 operation, modification or termination of a retirement or health care  
10 benefits plan or program under the authority provided by this  
11 section, the board may retain the services of consultants in the  
12 private sector on employee benefits matters as the board determines  
13 to be necessary and appropriate.

14

15 15. (New section) a. A person who commences service in an  
16 employment, office, or position that makes the person eligible to be  
17 a member of the Teachers' Pension and Annuity Fund, the Judicial  
18 Retirement System, the Public Employees' Retirement System, the  
19 Police and Firemen's Retirement System, or the State Police  
20 Retirement System, or a member of one of these retirement systems  
21 with less than 10 years of service credit, shall have the option to  
22 choose either to be enrolled in the relevant retirement system or  
23 enrolled in a defined benefit retirement plan created, implemented,  
24 administered, and operated by the board with regard to that  
25 particular employment, office, or position by irrevocably waiving  
26 all rights and benefits which would otherwise be provided by the  
27 relevant retirement system.

28 b. When a member of the Teachers' Pension and Annuity Fund,  
29 the Judicial Retirement System, the Public Employees' Retirement  
30 System, the Police and Firemen's Retirement System, or the State  
31 Police Retirement System elects to transfer to a defined benefit  
32 retirement plan created, implemented, administered and operated by  
33 the board by filing the proper application form declaring the  
34 election to participate in the plan, the respective retirement system  
35 shall transfer the amount of all of the member's accumulated  
36 deductions standing to the credit of the member in the annuity  
37 savings fund, plus regular interest, less any outstanding loan, except  
38 that no interest shall be payable in the case of a member who has  
39 less than three years of membership credit for which the member  
40 has made contributions. The interest payable shall be such  
41 proportion of the interest determined at the regular rate of 2% per  
42 annum bears to the regular rate of interest.

43 c. A public employer and public employee may through a  
44 collective negotiations agreement or individual contract of  
45 employment provide for the enrollment in, or the transfer to, a  
46 defined benefit retirement plan created, implemented, administered,  
47 and operated by the board of a public employee who commences  
48 service in an employment, office, or position while the agreement is

1 in effect or of a public employee with less than 10 years of service  
2 credit in a defined benefit retirement system or plan.

3 A public employee with 10 or more years of service credit in  
4 Teachers' Pension and Annuity Fund, the Judicial Retirement  
5 System, the Public Employees' Retirement System, the Police and  
6 Firemen's Retirement System, and the State Police Retirement  
7 System, or a retirement plan created, implemented, administered,  
8 and operated by the board, shall not be eligible to transfer  
9 enrollment to another fund, system, or plan in the course of an  
10 employment, office, or position.

11

12 16. (New section) a. The board shall have all the authority,  
13 functions, powers, and duties relating to the investment or  
14 reinvestment of moneys, and purchase, sale, or exchange of any  
15 investments or securities, of or for any fund or account established  
16 for the State-administered retirement systems and such retirement  
17 plans as established by the board under this act,  
18 P.L. , c. (C. )(pending before the Legislature as this bill).

19 (1) The Director of the Division of Investment in the  
20 Department of the Treasury shall be responsible in this regard for  
21 the administration of all activities and implementation of all  
22 decisions of the board, consistent with applicable law and the  
23 policies, procedures, and regulations of the board, the division, and  
24 the State Investment Council.

25 (2) In the alternative, the board may elect to establish a division  
26 or unit within the board and retain employees for the administration  
27 of all activities and implementation of all decisions of the board  
28 regarding such investments, consistent with applicable law and the  
29 policies, procedures, and regulations of the board. Such an election  
30 shall be irrevocable. If the board makes such an election, the board  
31 shall consult and coordinate with the Division of Investment in the  
32 Department of the Treasury and the State Investment Council on  
33 such matters as necessary and appropriate for the transfer of the  
34 administration of the activities and implementation of decisions  
35 regarding investments. If the board makes such an election, the  
36 applicable provisions of P.L.1950, c.270 (C.52:18A-79 et seq.) to  
37 the extent not inconsistent with this act shall govern the investment  
38 matters under the authority, functions, duties, responsibilities of the  
39 board and the board's employees.

40 b. The board shall formulate and establish, and may from time  
41 to time amend, modify or repeal, such policies or guidelines as it  
42 may deem necessary and proper that shall govern the methods,  
43 practices or procedures for investment, reinvestment, purchase, sale  
44 or exchange transactions to be followed by the Director of the  
45 Division of Investment or the employees of the board, as  
46 appropriate. The board shall determine from time to time the cash  
47 requirements of the various funds and accounts and the amount  
48 available for investment, all of which shall be certified to the

1 Director of the Division of Investment or the employees of the  
2 board, as appropriate.

3 As used in this section, "State-administered retirement systems"  
4 shall not include the Alternate Benefit Program and the Defined  
5 Contribution Retirement Program due to the defined contribution  
6 nature of those programs.

7 c. All actions and decisions of the Director of the Division of  
8 Investment or the employees of the board, as appropriate, with  
9 regard to the funds and accounts of State-administered retirement  
10 systems and retirement plans created by the board shall be  
11 authorized by the board either by general guidelines or specific  
12 orders or by approval by the board or the finance committee of the  
13 board of a specific action or decision, as the board shall determine  
14 and communicate to the director or the employees. The board shall  
15 review and take into consideration the determinations of the State  
16 Investment Council, and conform to those determinations generally  
17 or specifically when the board determines necessary and  
18 appropriate, when the Director of the Division of Investment is  
19 involved. The director shall meet with the board not less than once  
20 a month to discuss and review investment actions and decisions.  
21 The board shall have access to all files and records of the division  
22 and may require any officer or employee therein to provide such  
23 information as it may deem necessary and appropriate in the  
24 performance of the board's authority, functions, duties, and  
25 responsibilities. The board shall have authority to inspect and audit  
26 the respective accounts and funds administered through the Division  
27 of Investment.

28 d. The board shall consult with the State Investment Council  
29 from time to time with respect to the work of the Division of  
30 Investment.

31

32 17. (New section) The board shall designate the medical boards  
33 required for each State-administered retirement system and  
34 retirement plan created by the board. The board may designate one  
35 medical board to serve all such systems and plans, or may delegate  
36 the designation to the board of trustees of each State-administered  
37 retirement system or plan, subject to the approval of the board. The  
38 board shall require a medical board to be composed of not less than  
39 three physicians.

40 A physician serving on a medical board shall not be eligible to  
41 participate in a State-administered retirement system or retirement  
42 plan or in a health care benefit program of a public employer for  
43 public employees.

44 A medical board shall pass upon the medical examinations  
45 required by retirement system or plan, shall investigate the essential  
46 statements and certificates made by or on behalf of a member of a  
47 retirement system or plan in connection with an application for  
48 disability retirement, and shall report in writing to the board, and

1 the board of trustees of the retirement system or plan, its  
2 conclusions and recommendations upon all matters referred to it.

3  
4 18. (New section) a. Except as the board may elect pursuant to  
5 subsection b. of this section, the State Treasurer shall be the  
6 custodian of the several funds and accounts for the State-  
7 administered retirement systems and retirement plans created by the  
8 board pursuant to this act, P.L. , c. (C. )(pending before the  
9 Legislature as this bill), shall select all depositories and custodians,  
10 and shall negotiate and execute custody agreements in connection  
11 with the assets or investments of any of the funds and accounts. All  
12 payments from the funds and accounts shall be made by the State  
13 Treasurer only upon vouchers signed by the chairperson of the  
14 board and countersigned by the secretary of the board. No voucher  
15 shall be drawn, except upon the authority of the board duly entered  
16 in the records of its proceedings.

17 b. The board may elect to be the custodian of the several funds  
18 and accounts for the State-administered retirement systems and  
19 retirement plans created by the board pursuant to this act,  
20 P.L. , c. (C. )(pending before the Legislature as this bill). If  
21 the board makes the election, the board shall select all depositories  
22 and custodians and shall negotiate and execute custody agreements  
23 in connection with the assets or investments of any of the funds and  
24 accounts. All payments from the funds and accounts shall be made  
25 by the board only upon vouchers signed by the chairperson of the  
26 board and countersigned by the secretary of the board. No voucher  
27 shall be drawn, except upon the authority of the board duly entered  
28 in the records of its proceedings.

29  
30 19. (New section) The expenses incurred by the board as a result  
31 of its operations in accordance with this act,  
32 P.L. , c. (C. )(pending before the Legislature as this bill),  
33 shall be funded by an annual charge upon each public employer for  
34 a proportionate share of the cost of each system, plan, or program  
35 operated by the board in which the public employer and its  
36 employees participate. This proportion shall be computed as the  
37 number of employees of the public employer bears to the total  
38 number of public employees in the system, plan, or program. The  
39 pro rata share of the administrative costs shall be certified annually  
40 to each public employer by the board. If a public employer fails to  
41 pay the charge in the manner and in accordance with the schedule  
42 required by the board, the board shall notify the State Treasurer and  
43 the Commissioner of the Department of Community Affairs who  
44 shall deduct from any State aid or grant appropriated and allocated  
45 to that public employer an amount equal to the unpaid charge and  
46 any interest imposed and remit that amount to the board. The board  
47 may assess interest against a public employer that has failed to pay  
48 the administrative charge in a timely manner. The provisions of

1 this section shall not be deemed to change any requirement in law  
2 assigning responsibility for administrative costs to a public  
3 employer on behalf of another public employer.

4 No significant costs shall be incurred by the State on behalf of  
5 public employers other than the State or on behalf of public  
6 employees other than employees of the State as a result of the  
7 establishment of the board and its operations in accordance with  
8 this act, P.L. , c. (C. )(pending before the Legislature as  
9 this bill).

10

11 20. (New section) The Division of Pensions and Benefits as  
12 constituted in the Department of the Treasury, with its functions,  
13 powers, and duties, and those of the director, is continued and  
14 transferred to the New Jersey Public Employee Benefits Board.  
15 The functions, powers, and duties of the division and its personnel  
16 shall be allocated within the board as the board shall determine.  
17 The board shall organize the division's functions in such manner as  
18 the board determines to be necessary and appropriate for the  
19 efficient operation of the work of the board and in such a manner as  
20 will provide the public employers and public employees with proper  
21 support in benefit matters.

22

23 21. (New section) a. Any law, rule, regulation, order,  
24 reorganization plan, contract, document, judicial or administrative  
25 proceeding, appropriation or otherwise which refers to a State-  
26 administered retirement system, its board of trustees, or the  
27 Division of Pensions and Benefits in the Department of the  
28 Treasury shall also mean the New Jersey Public Employee Benefits  
29 Board established by P.L. , c. (C. )(pending before the  
30 Legislature as this bill).

31 b. The transfers directed by this act,  
32 P.L. , c. (C. )(pending before the Legislature as this bill),  
33 except as otherwise provided, shall be made in accordance with the  
34 "State Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.).

35 c. Any statute that is inconsistent with this act,  
36 P.L. , c. (C. )(pending before the Legislature as this bill), is, to  
37 the extent of the inconsistency, hereby superseded.

38

39 22. Section 33 of P.L.2007, c.103 (C.52:14-17.46.3) is amended  
40 to read as follows:

41 33. a. There is hereby created a School Employees' Health  
42 Benefits Commission, consisting of nine members:

43 (1) **the State Treasurer and the Commissioner of the**  
44 **Department of Banking and Insurance serving ex officio** Two  
45 members who are members of the New Jersey Public Employee  
46 Benefits Board appointed by the chairperson of the board;

47 (2) a member appointed by the **Governor** chairperson of the  
48 New Jersey Public Employee Benefit Board who is a New Jersey

1 resident and is qualified by experience, education, or training in the  
2 review, administration, or design of health insurance plans for self-  
3 insured employers;

4 (3) a member appointed by the **【Governor】** chairperson of the  
5 New Jersey Public Employee Benefits Board from among three  
6 persons nominated by the New Jersey School Boards' Association,  
7 which member shall be qualified by experience, education, or  
8 training in the review, administration, or design of health insurance  
9 plans for self-insured employers;

10 (4) three members appointed by the **【Governor】** chairperson of  
11 the New Jersey Public Employee Benefits Board from among five  
12 persons nominated by the New Jersey Education Association, of  
13 whom two shall be qualified by experience, education, or training in  
14 the review, administration, or design of health insurance plans for  
15 self-insured employers;

16 (5) a member appointed by the **【Governor】** chairperson of the  
17 New Jersey Public Employee Benefits Board from among three  
18 persons nominated by the education section of the New Jersey State  
19 AFL-CIO, which member shall be qualified by experience,  
20 education, or training in the review, administration, or design of  
21 health insurance plans for self-insured employers; and

22 (6) a member appointed pursuant to subsection b. of this section  
23 who shall be the chairperson.

24 b. The **【Governor】** chairperson of the New Jersey Public  
25 Employee Benefits Board shall appoint the chairperson from among  
26 three persons nominated jointly by at least six of the eight members  
27 appointed pursuant to subsection a. of this section.

28 c. If the **【Governor】** chairperson of the New Jersey Public  
29 Employee Benefit Board declines to make an appointment from  
30 among the persons nominated for membership, the **【Governor】**  
31 chairperson shall request that a new list of nominees be provided in  
32 compliance with subsection a. of this section. If the **【Governor】**  
33 chairperson declines to make an appointment from the new list, the  
34 process set forth in this subsection shall be repeated until the  
35 **【Governor】** chairperson makes an appointment from a list of  
36 nominees. Except with respect to the appointment of the  
37 chairperson, if a new list of nominees is not submitted within 45  
38 days of the **【Governor's】** chairperson's request, the **【Governor】**  
39 chairperson shall make the appointment without the need to select  
40 from any list of nominees.

41 d. The initial terms of the members of the commission  
42 appointed after the effective date of P.L. , c. (pending before  
43 the Legislature as this bill) shall be as follows:

44 (1) the member appointed pursuant to paragraph (3) of  
45 subsection a. of this section and the two members appointed  
46 pursuant to paragraph (4) of subsection a. of this section who are

1 required to be qualified by experience, education, or training shall  
2 serve for a term of three years;

3 (2) the member appointed pursuant to paragraph (2) of  
4 subsection a. of this section, the member appointed pursuant to  
5 paragraph (4) of subsection a. of this section who is not required to  
6 be qualified by experience, education, or training, and the member  
7 appointed pursuant to paragraph (5) of subsection a. of this section  
8 shall serve for a term of two years; and

9 (3) the chairperson shall serve for a term of six years.

10 All subsequent terms shall be for three years, except that the  
11 term of the chairperson shall be five years. A member of the  
12 commission may be reappointed to succeeding terms without limit  
13 in the same manner as the original appointment. A vacancy  
14 occurring on the commission shall be filled in the same manner as  
15 the original appointment and only for the unexpired term.

16 The commission shall be under the authority and control of the  
17 New Jersey Public Employee Benefits Board in accordance with  
18 P.L. , c. (C. )(pending before the Legislature as this bill).  
19 The term of a member serving on the date on which  
20 P.L. , c. (C. )(pending before the Legislature as this bill)  
21 becomes operative is terminated as of the 60th date following that  
22 operative date.

23 (cf: P.L.2007, c.103, s.33)

24

25 23. Section 34 of P.L.2007, c.103 (C.52:14-17.46.4) is amended  
26 to read as follows:

27 34. The School Employees' Health Benefits Program, authorized  
28 by sections 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1  
29 through C.52:14-17.46.11), shall be administered **【in the**  
30 **Department of the Treasury】** by the New Jersey Public Employee  
31 Benefits Board. Administrative services required by the  
32 commission shall be provided through the **【Division of Pensions**  
33 **and Benefits, and the Director of the Division of Pensions and**  
34 **Benefits shall be the secretary of the commission】** board. The board  
35 and the commission shall establish a health benefits program for the  
36 school employees of the State, the cost of which shall be paid as  
37 specified in this act. The 【commission】 board shall【, by a majority  
38 vote of its full authorized membership,】 establish and change rules  
39 and regulations as may be deemed reasonable and necessary for the  
40 administration of this act. Until such rules and regulations are  
41 established, the rules and regulations of the State Health Benefits  
42 Commission shall be deemed to apply to the School Employees'  
43 Health Benefits Program.

44 **【The Attorney General shall be the legal advisor of the**  
45 **commission.】**

1 The members of the commission shall serve without  
2 compensation but shall be reimbursed for any necessary  
3 expenditure.

4 The commission shall ensure that audits and reviews are  
5 performed as required by section 40 of P.L.2007, c.103 (C.52:14-  
6 17.46.10). Actions of the commission related to such audits and  
7 reviews shall require a majority vote of the full authorized  
8 membership of the commission to be approved.

9 Except as otherwise specified in this act, actions of the  
10 commission shall require the affirmative vote of a majority of the  
11 members present at a meeting at which a majority of the full  
12 authorized membership is present.

13 (cf: P.L.2007, c.103, s.34)

14

15 24. N.J.S.18A:66-56 is amended to read as follows:

16 18A:66-56 Board of trustees; duties, appointment or election,  
17 terms, vacancies, oaths, voting, expenses.

18 Subject to the provisions of chapter 70 of the laws of 1955, the  
19 general responsibility for the proper operation of the teachers'  
20 pension and annuity fund shall be vested in the board of trustees  
21 and the New Jersey Public Employee Benefits Board in accordance  
22 with P.L. , c. (C. )(pending before the Legislature as this  
23 bill). Subject to the limitations of the law, the **board** New Jersey  
24 Public Employee Benefits Board shall annually establish rules and  
25 regulations for the administration and transaction of **its** business  
26 and for the control of the funds created by this article. Such rules  
27 and regulations shall be consistent with those adopted **by** for the  
28 other pension funds **within the Division of Pensions** , systems,  
29 and plans under the authority and control of the New Jersey Public  
30 Employee Benefits Board in order to permit the most economical  
31 and uniform administration of all such retirement systems, funds, or  
32 plans. The membership of the board shall consist of the following:

33 (a) **The State Treasurer or the deputy State Treasurer, when**  
34 **designated for that purpose by the State Treasurer** One trustee who  
35 is a member of the New Jersey Public Employee Benefits Board  
36 appointed by the chairperson of the board;

37 (b) Two trustees appointed by the **Governor, with the advice**  
38 **and consent of the Senate,** chairperson of the New Jersey Public  
39 Employee Benefit Board who shall serve for a term of office of  
40 three years and until their successors are appointed, and who shall  
41 be private citizens of the State of New Jersey and who are neither  
42 an officer thereof nor active or retired members of the system,  
43 except that of the two trustees initially appointed by the **Governor**  
44 **pursuant to P.L.1992, c.41 (C.43:6A-33.1 et al.)** chairperson, one  
45 shall be appointed for a term of two years and one for a term of  
46 three years. The term of a member serving on the date on which  
47 P.L. , c. (C. )(pending before the Legislature as this bill)

1 becomes operative is terminated as of the 60th date following that  
2 operative date;

3 (c) Three trustees from among the active or retired members of  
4 the retirement system, elected by the membership or by the  
5 delegates elected for this purpose by the membership, one of whom  
6 shall be elected each year for a three-year term commencing on  
7 January 1, following such election in such manner as the board of  
8 trustees may prescribe. If the board of trustees determines that the  
9 election of trustees under this subsection is to be made by delegates  
10 elected by the membership, it shall prescribe that those delegates  
11 shall be chosen from among active and retired members of the  
12 retirement system;

13 (d) One trustee not an active or retired teacher nor an officer of  
14 the State, elected by the other trustees[, other than the State  
15 Treasurer], for a term of three years.

16 A vacancy occurring in the board of trustees shall be filled in the  
17 same manner as provided in this section for regular appointment or  
18 election to the position where the vacancy exists, except that a  
19 vacancy occurring in the trustees elected from among the active or  
20 retired members of the retirement system shall be filled for the  
21 unexpired term.

22 Each member of the board of trustees shall, upon appointment or  
23 election, take an oath of office that, so far as it devolves upon him,  
24 he will diligently and honestly administer the board's affairs, and  
25 that he will not knowingly violate or willfully permit to be violated  
26 any provision of law applicable to this article. The oath shall be  
27 subscribed to by the member making it, certified by the officer  
28 before whom it is taken and filed immediately in the office of the  
29 Secretary of State.

30 Each trustee shall be entitled to one vote in the board and a  
31 majority of all the votes of the entire board shall be necessary for a  
32 decision by the board of trustees at a meeting of the board. The  
33 board of trustees shall keep a record of all its proceedings, which  
34 shall be open to public inspection.

35 The members of the board of trustees shall serve without  
36 compensation but shall be reimbursed for any necessary  
37 expenditures. No employee shall suffer loss of salary or wages  
38 through serving on the board.

39 The **【State Treasurer】** New Jersey Public Employee Benefits  
40 Board shall designate a medical board **【after consultation with the**  
41 **Director of the Division of Pensions, subject to veto by the board**  
42 **for valid reason. It shall be composed of three physicians who are**  
43 **not eligible to participate in the retirement system】**. The medical  
44 board shall pass upon all medical examinations required under the  
45 provisions of this article, shall investigate all essential statements  
46 and certificates by or on behalf of a member in connection with an  
47 application for disability retirement, and shall report in writing to

1 the retirement system its conclusions and recommendations upon all  
2 matters referred to it.

3 (cf: P.L.1999, c.230, s.1)

4

5 25. N.J.S.18A:66-57 is amended to read as follows:

6 18A:66-57. Officers[, actuary, legal adviser, secretary]

7 The board of trustees shall elect annually from its membership a  
8 chairman and may also elect a vice chairman, who shall have all the  
9 power and authority of the chairman in the event of the death,  
10 absence or disability of the chairman. The actuary of the fund shall  
11 be selected by the [Retirement Systems Actuary Selection  
12 Committee established by P.L.1992, c.125] New Jersey Public  
13 Employee Benefits Board in accordance with  
14 P.L. , c. (C. )(pending before the Legislature as this bill).

15 The actuary shall be the technical adviser of the board on matters  
16 regarding the operation of the funds created by the provisions of  
17 this article and shall perform such other duties as are required in  
18 connection therewith.

19 [The Attorney General shall be the legal adviser of the  
20 retirement system, except that if the Attorney General determines  
21 that a conflict of interest would affect the ability of the Attorney  
22 General to represent the board on a matter affecting the retirement  
23 system, the board may select and employ legal counsel to advise  
24 and represent the board on that matter.

25 The chief or assistant chief of the office of secretarial services of  
26 the Division of Pensions of the State Department of the Treasury,  
27 shall be the secretary of the board. The chief and assistant chief of  
28 the office of secretarial services shall be in the competitive division  
29 of the State classified service. The secretary presently in office  
30 shall hold the position as chief of the office of secretarial services  
31 subject to all of the provisions of Title 11 of the Revised Statutes  
32 and shall not be removed from said office except in the manner  
33 provided under the provisions of said title relating to permanent  
34 employees in the competitive division of the State classified  
35 service. The board of trustees shall select its secretary from among  
36 the eligible candidates.]

37 (cf: P.L.1992, c.125, s.3)

38

39 26. N.J.S.18A:66-61 is amended to read as follows:

40 18A:66-61. Trustees to control funds[, investment council  
41 member]

42 The [board of trustees] New Jersey Public Employee Benefits  
43 Board shall [be and are hereby constituted trustees of] have  
44 authority and control over the various funds and accounts  
45 established by this article[; provided, however, that], and shall  
46 have all functions, powers and duties relating to the investment or  
47 reinvestment of moneys of, and purchase, sale or exchange of any

1 investments or securities, of or for any fund or account established  
2 under this article, which shall be exercised and performed by the  
3 Director of the Division of Investment in accordance with the  
4 provisions of **chapter 270, of the laws of 1950** P.L.1950, c.20  
5 (C.52:18A-79 et seq.) and of P.L. , c. (C. )(pending before the  
6 Legislature as this bill). **【The secretary of the board of trustees**  
7 **shall determine from time to time the cash requirements of the**  
8 **various funds and accounts established by this article and the**  
9 **amount available for investment, all of which shall be certified to**  
10 **the Director of the Division of Investment.**

11 A member of the board of trustees to be designated by a majority  
12 vote thereof shall serve on the state investment council as a  
13 representative of said board of trustees, for a term of 1 year and  
14 until his successor is elected and qualified.]

15 The finance committee of the board of trustees, if such a  
16 committee is authorized by the New Jersey Public Employee  
17 Benefits Board, shall be appointed on or before July 1 of each  
18 calendar year by the chairman of the board of trustees to serve  
19 through June 30 of the ensuing calendar year and until their  
20 successors are appointed. The finance committee of the board of  
21 trustees shall consist of three members of the board of trustees, one  
22 of whom shall be the State Treasurer.

23 (cf: P.L.1970, c.57, s.8)

24

25 27. Section 3 of P.L.1993, c.385 (C.18A:66-172.1) is amended  
26 to read as follows:

27 3. There is established in **【but not of the Division of Pensions**  
28 **in the Department of the Treasury】** the New Jersey Public  
29 Employee Benefits Board the Pension Provider Selection Board,  
30 which shall consist of the Executive Director of the **【Division of**  
31 **Pensions】** New Jersey Public Employee Benefits Board or a  
32 representative of that director; **【the Director of the Division of**  
33 **Investment or a representative of that director; the Commissioner of**  
34 **the Department of Insurance or a representative of that**  
35 **commissioner; the Director of the Division of Purchase and**  
36 **Property or a representative of that director】** three members of the  
37 New Jersey Public Employee Benefits Board appointed by the  
38 chairperson of that board; and a person appointed by the **【Director**  
39 **of the Division of Pensions】** chairperson of the New Jersey Public  
40 Employee Benefits Board who is an active participant or receiving a  
41 benefit from the alternate benefit program. The Pension Provider  
42 Selection Board shall be under the authority and control of the New  
43 Jersey Public Employee Benefits Board in accordance with the  
44 provisions of P.L. , c. (C. )(pending before the  
45 Legislature as this bill).

46 The Pension Provider Selection Board shall select through a  
47 competitive bidding process at least three unrelated insurance or

1 mutual fund companies licensed or otherwise authorized to transact  
2 business in New Jersey from which alternate benefit contracts will  
3 be purchased. [These new insurers or mutual fund companies shall  
4 be selected by competitive bidding in accordance with all applicable  
5 State laws and regulations not later than the 270th day following the  
6 effective date of P.L.1993, c.385 (C.18A:66-172.1 et al).] The  
7 selected carriers shall be authorized to receive contributions within  
8 60 days of their selection. Each contract shall be awarded for a  
9 period not to exceed six years with a renewal option for a period not  
10 to exceed three years. All carriers shall be subject to a performance  
11 review by the Pension Provider Selection Board every seven years  
12 and must meet such standards as the Pension Provider Selection  
13 Board shall establish by regulation in order to be renewed for  
14 another term of seven years as carriers. Removal of a carrier for  
15 cause during a seven-year term is not waived. In establishing by  
16 regulation the criteria for the initial selection and any performance  
17 review of a carrier, the Pension Provider Selection Board shall  
18 consider, among other things, the following:

- 19 a. the portability of the contracts offered or to be offered by the  
20 company, based on the number of states in which the company  
21 provides contracts under similar plans;
- 22 b. the efficacy of the contracts in the recruitment and retention  
23 of employees for the various State public institutions of higher  
24 education;
- 25 c. the nature and extent of the rights and benefits to be  
26 provided by the contracts for participating employees and their  
27 beneficiaries;
- 28 d. the relation of the rights and benefits to the amount of  
29 contributions to be made pursuant to the provisions of this article;
- 30 e. the suitability of the rights and benefits to the needs and  
31 interests of participating employees and the various State public  
32 institutions of higher education;
- 33 f. the ability of the company to provide the rights and benefits  
34 under such contracts;
- 35 g. the financial soundness of the company, the extent of the  
36 company's financial commitment to the contracts, and whether the  
37 company meets the minimum financial criteria established by the  
38 【Division of Pensions】 New Jersey Public Employee Benefits  
39 Board;
- 40 h. the company's overall quality of service, its investment  
41 performance considering return on investments and risk, the  
42 administrative fee to be charged to participating employees, and the  
43 offering of a balanced array of investment opportunities; and
- 44 i. the nature of the informational or promotional materials to  
45 be provided to prospective participants.

46 The Pension Provider Selection Board may not designate a  
47 company which serves as a disbursement system for other providers  
48 or which charges third party administrative fees.

1 A company that has been designated as of January 1, 1993 by the  
2 Division of Pensions as a designated provider shall continue to be  
3 so designated until its status as a designated provider is terminated  
4 for cause by the division or by the Pension Provider Selection  
5 Board.

6 (cf: P.L.1994, c.48, s.193)

7  
8 28. Section 1 of P.L.1995, c.408 (C.43:1-3) is amended to read  
9 as follows:

10 1. a. The receipt of a public pension or retirement benefit is  
11 hereby expressly conditioned upon the rendering of honorable  
12 service by a public officer or employee.

13 b. The New Jersey Public Employee Benefits Board, upon  
14 recommendation of the board of trustees of any State or locally-  
15 administered pension fund or retirement system created under the  
16 laws of this State, is authorized to order the forfeiture of all or part  
17 of the earned service credit or pension or retirement benefit of any  
18 member of the fund or system for misconduct occurring during the  
19 member's public service which renders the member's service or part  
20 thereof dishonorable and to implement any pension forfeiture  
21 ordered by a court pursuant to section 2 of P.L.2007, c.49 (C.43:1-  
22 3.1).

23 c. In evaluating a member's misconduct to determine whether it  
24 constitutes a breach of the condition that public service be  
25 honorable and whether forfeiture or partial forfeiture of earned  
26 service credit or earned pension or retirement benefits is  
27 appropriate, the New Jersey Public Employee Benefits Board and  
28 board of trustees shall consider and balance the following factors in  
29 view of the goals to be achieved under the pension laws:

30 (1) the member's length of service;

31 (2) the basis for retirement;

32 (3) the extent to which the member's pension has vested;

33 (4) the duties of the particular member;

34 (5) the member's public employment history and record covered  
35 under the retirement system;

36 (6) any other public employment or service;

37 (7) the nature of the misconduct or crime, including the gravity  
38 or substantiality of the offense, whether it was a single or multiple  
39 offense and whether it was continuing or isolated;

40 (8) the relationship between the misconduct and the member's  
41 public duties;

42 (9) the quality of moral turpitude or the degree of guilt or  
43 culpability, including the member's motives and reasons, personal  
44 gain and similar considerations;

45 (10) the availability and adequacy of other penal sanctions; and

46 (11) other personal circumstances relating to the member which  
47 bear upon the justness of forfeiture.

1 d. Whenever **[a board of trustees]** the New Jersey Public  
2 Employee Benefits Board determines, pursuant to this section, that  
3 a partial forfeiture of earned service credit or earned pension or  
4 retirement benefits is warranted, it shall order that benefits be  
5 calculated as if the accrual of pension rights terminated as of the  
6 date the misconduct first occurred or, if termination as of that date  
7 would in light of the nature and extent of the misconduct result in  
8 an excessive pension or retirement benefit or in an excessive  
9 forfeiture, a date reasonably calculated to impose a forfeiture that  
10 reflects the nature and extent of the misconduct and the years of  
11 honorable service.

12 (cf: P.L.2007, c.49, s.1)

13

14 29. Section 3 of P.L.2007, c.49 (C.43:1-3.2) is amended to read  
15 as follows:

16 3. The New Jersey Public Employee Benefits Board and board  
17 of trustees of any State or locally-administered pension fund or  
18 retirement system created under the laws of this State may subpoena  
19 witnesses and compel their attendance, and also may require the  
20 production of books, papers or documents in a matter concerning  
21 the rendering of honorable service by a public officer or employee  
22 seeking to receive a public pension or retirement benefit. If any  
23 person shall refuse to obey any subpoena so issued, or shall refuse  
24 to testify or produce any books, papers or documents, the board  
25 may apply ex parte to the Superior Court to compel the person to  
26 comply forthwith with the subpoena.

27 (cf: P.L.2007, c.49, s.3)

28

29 30. Section 1 of P.L.1986, c.188 (C.43:3C-9) is amended to read  
30 as follows:

31 1. The mandatory contributions by members or participants to  
32 the Teachers' Pension and Annuity Fund required by N.J.S.18A:66-  
33 31, to alternate benefit providers under the alternate benefit  
34 program required by section 8 of P.L.1969, c.242 (C.18A:66-174),  
35 to the Judicial Retirement System required by section 26 of  
36 P.L.1981, c.470 (C.43:6A-34.1), to the Prison Officers' Pension  
37 Fund required by section 7 of P.L.1941, c.220 (C.43:7-13), to the  
38 Public Employees' Retirement System required by section 25 of  
39 P.L.1954, c.84 (C.43:15A-25), to the Defined Contribution  
40 Retirement Program required by section 3 of P.L.2007, c.92  
41 (C.43:15C-3), to the Consolidated Police and Firemen's Pension  
42 Fund required by R.S.43:16-5, to the Police and Firemen's  
43 Retirement System required by section 15 of P.L.1944, c.255  
44 (C.43:16A-15), and to the State Police Retirement System required  
45 by section 38 of P.L.1965, c.89 (C.53:5A-38), and to a retirement  
46 plan created by the New Jersey Public Employee Benefits Board  
47 pursuant to P.L. , c. (C. )(pending before the Legislature as  
48 this bill), shall be picked up by their employers and shall be treated

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26

1 as employer contributions as provided by section 414(h) of the  
2 United States Internal Revenue Code. The amount of contributions  
3 on behalf of each member shall continue to be included as regular  
4 compensation for all other purposes, except that the amount shall  
5 not be included in the computation of federal income taxes withheld  
6 from the member's compensation.  
7 (cf: P.L.2007, c.92, s.16)

8  
9 31. Section 1 of P.L.1997, c.113 (C.43:3C-9.1) is amended to  
10 read as follows:

11 1. In accordance with the provisions of section 401 (a) (2) of  
12 the federal Internal Revenue Code, and subject to such exceptions  
13 as may be permitted for governmental plans under section 401 (a)  
14 (2) of the federal Internal Revenue Code, at no time prior to the  
15 satisfaction of all liabilities with respect to members and their  
16 beneficiaries under the Teachers' Pension and Annuity Fund,  
17 established pursuant to N.J.S.18A:66-1 et seq., the Judicial  
18 Retirement System, established pursuant to P.L.1973, c.140  
19 (C.43:6A-1 et seq.), the Prison Officers' Pension Fund, established  
20 pursuant to P.L.1941, c.220 (C.43:7-7 et seq.), the Public  
21 Employees' Retirement System, established pursuant to P.L.1954,  
22 c.84 (C.43:15A-1 et seq.), the Consolidated Police and Firemen's  
23 Pension Fund, established pursuant to R.S.43:16-1 et seq., the  
24 Police and Firemen's Retirement System, established pursuant to  
25 P.L.1944, c.255 (C.43:16A-1 et seq.), the State Police Retirement  
26 System, established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.),  
27 and the Alternate Benefit Program, established pursuant to  
28 P.L.1969, c.242 (C.18A:66-167 et seq.), and a retirement plan  
29 created by the New Jersey Public Employee Benefits Board  
30 pursuant to P.L. , c. (C. )(pending before the Legislature as  
31 this bill), shall any part of the corpus or income of the respective  
32 retirement systems and plans, within the taxable year or thereafter,  
33 be used for or diverted to purposes other than for the exclusive  
34 benefit of the members or their beneficiaries.

35 (cf: P.L.1997, c.113, s.1)

36  
37 32. Section 2 of P.L.1997, c.113 (C.43:3C-9.2) is amended to  
38 read as follows:

39 2. Notwithstanding any law, rule or regulation to the contrary,  
40 the contributions to and benefits payable under the Teachers'  
41 Pension and Annuity Fund, the Judicial Retirement System, the  
42 Prison Officers' Pension Fund, the Public Employees' Retirement  
43 System, the Consolidated Police and Firemen's Pension Fund, the  
44 Police and Firemen's Retirement System, the State Police  
45 Retirement System and the Alternate Benefit Program, and a  
46 retirement plan created by the New Jersey Public Employee  
47 Benefits Board pursuant to P.L. , c. (C. )(pending before  
48 the Legislature as this bill), shall not exceed the limitations

1 provided under section 415 of the federal Internal Revenue Code.  
2 The [Division of Pensions and Benefits in the Department of the  
3 Treasury] New Jersey Public Employee Benefits Board shall be  
4 responsible for implementation and enforcement of these  
5 limitations.

6 (cf: P.L.1997, c.113, s.2)

7

8 33. Section 3 of P.L.1997, c.113 (C.43:3C-9.3) is amended to  
9 read as follows:

10 3. Notwithstanding any law, rule or regulation to the contrary,  
11 for members of the Teachers' Pension and Annuity Fund, the  
12 Judicial Retirement System, the Public Employees' Retirement  
13 System, the Police and Firemen's Retirement System, and the State  
14 Police Retirement System, and a retirement plan created by the New  
15 Jersey Public Employee Benefits Board pursuant to  
16 P.L. , c. (C. )(pending before the Legislature as this bill),  
17 the amount of compensation which may be used for member  
18 contributions and benefits under the retirement systems after June  
19 30, 1996 shall not exceed the compensation limitation of section  
20 401 (a) (17) of the federal Internal Revenue Code of 1986, (26  
21 U.S.C. s.401 (a) (17) ), as amended pursuant to section 13212 of  
22 the Omnibus Budget Reconciliation Act of 1993, Pub. L.103-66,  
23 107 Stat. 312 or as hereafter amended or supplemented, to the  
24 extent applicable to governmental plans. The provisions of this  
25 section shall not be applicable to members enrolled prior to July 1,  
26 1996 if the employer of the members certifies to the Director of the  
27 Division of Pensions and Benefits, in the form and manner  
28 prescribed by the director, prior to July 1, 1997, that the employer  
29 will pay the additional cost for not applying the limit to the  
30 members.

31 (cf: P.L.1997, c.113, s.3)

32

33 34. Section 41 of P.L.2007, c.92 (C.43:3C-9.6) is amended to  
34 read as follows:

35 41. a. Upon the termination of the Teachers' Pension and  
36 Annuity Fund, the Public Employees' Retirement System, the  
37 Judicial Retirement System, the Police and Firemen's Retirement  
38 System, the State Police Retirement System, the Prison Officers'  
39 Pension Fund, or the Consolidated Police and Firemen's Fund, or a  
40 retirement plan created by the New Jersey Public Employee  
41 Benefits Board pursuant to P.L. , c. (C. )(pending before  
42 the Legislature as this bill), or upon complete discontinuance of  
43 contributions to any of the retirement systems or plans, the rights of  
44 all members of such retirement system or plan to benefits accrued to  
45 the date of such termination or discontinuance, to the extent then  
46 funded, are non-forfeitable.

47 b. Notwithstanding any law, rule or regulation to the contrary,  
48 the form and timing of all distributions from the Teachers' Pension

1 and Annuity Fund, the Public Employees' Retirement System, the  
2 Judicial Retirement System, the Police and Firemen's Retirement  
3 System, the State Police Retirement System, the Prison Officers'  
4 Pension Fund, or the Consolidated Police and Firemen's Fund, or a  
5 retirement plan created by the New Jersey Public Employee  
6 Benefits Board pursuant to P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_)(pending before  
7 the Legislature as this bill), to a member, or to the beneficiary of a  
8 member if the member dies before the member's entire interest has  
9 been distributed, shall conform to the required distribution  
10 provisions of section 401(a)(9) of the federal Internal Revenue  
11 Code and the regulations issued by the United States Department of  
12 the Treasury under that Code section, including the incidental death  
13 benefit requirements of section 401(a)(9)(G) of the federal Internal  
14 Revenue Code. In addition, in no event shall payments under any  
15 of the retirement systems or plans commence to be paid to a  
16 member later than the member's required beginning date, without  
17 regard to whether the member has filed application therefor. For  
18 this purpose, a member's required beginning date is the April 1 of  
19 the calendar year following the later of (1) the calendar year in  
20 which the member attains age 70 1/2 or (2) the calendar year in  
21 which the member retires. The actuarial adjustment described in  
22 section 401(a)(9)(C)(iii) of the federal Internal Revenue Code shall  
23 not apply.

24 (cf: P.L.2007, c.92, s.41)

25

26 35. Section 21 of P.L.2007, c.92 (C.43:3C-12) is amended to  
27 read as follows:

28 21. a. With respect to all claims for benefits under the Teachers'  
29 Pension and Annuity Fund, the Public Employees' Retirement  
30 System, the Judicial Retirement System, the Police and Firemen's  
31 Retirement System, or the State Police Retirement System  
32 submitted on or after the effective date of P.L.2007, c.92  
33 (C.43:15C-1 et al.), or under a retirement plan created by the New  
34 Jersey Public Employee Benefits Board pursuant to  
35 P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_)(pending before the Legislature as this bill),  
36 the **【Division of Pensions and Benefits】** New Jersey Public  
37 Employee Benefits Board shall investigate increases in  
38 compensation reported for credit that exceed reasonably anticipated  
39 annual compensation increases for members of the retirement  
40 system or plan based upon consideration of the Consumer Price  
41 Index for the time period of the increases, the table of assumed  
42 salary increases recommended by the system's or plan's actuary and  
43 adopted by the **【board of trustees of the retirement system】** New  
44 Jersey Public Employee Benefits Board, and the annual percentage  
45 increases of salaries as indicated in data from the Public  
46 Employment Relations Commission established pursuant to  
47 P.L.1941, c.100 (C.34:13A-1 et seq.) or through other reliable

1 industry sources of information regarding average annual salary  
2 increases.

3 b. Those cases in which a violation of the relevant statute or  
4 regulation is suspected shall be referred to the New Jersey Public  
5 Employee Benefits Board and board of trustees of the relevant  
6 retirement system or plan for further action.  
7 (cf: P.L.2007, c.92, s.21)

8  
9 36. Section 28 of P.L.2007, c.92 (C.43:3C-13) is amended to  
10 read as follows:

11 28. The Teachers' Pension and Annuity Fund, the Judicial  
12 Retirement System, the Prison Officers' Pension Fund, the Public  
13 Employees' Retirement System, the Consolidated Police and  
14 Firemen's Pension Fund, the Police and Firemen's Retirement  
15 System, and the State Police Retirement System, and a retirement  
16 plan created by the New Jersey Public Employee Benefits Board  
17 pursuant to P.L. , c. (C. )(pending before the Legislature as  
18 this bill), shall use consistent and generally-accepted actuarial  
19 standards, as established by the Governmental Accounting  
20 Standards Board or its successor, for the purpose of determining  
21 fund or system or plan asset values, obligations and annual  
22 employer contributions. Any modification of the assumptions or  
23 actuarial methodology at the direction of the State that changes  
24 asset values, obligations or annual contributions shall require public  
25 disclosure prior to adoption, including a financial impact analysis.  
26 (cf: P.L.2007, c.92, s.28)

27  
28 37. Section 20 of P.L.1992, c.125 (C.43:4B-2) is amended to  
29 read as follows:

30 20. The Executive Director of the **【Division of Pensions】** New  
31 Jersey Public Employee Benefits Board shall annually communicate  
32 to the board of trustees of each pension system or retirement plan  
33 the relevant factors used in calculating the State's contributions to  
34 that system's or plan's accrued liability. Further, the pension boards  
35 shall have access to all relevant actuarial information relating to any  
36 actuarial matter under consideration by the boards, subject to  
37 financial restraints imposed by the contract agreement.  
38 (cf: P.L.1992, c.125, s.20)

39  
40 38. Section 3 of P.L.1973, c.140 (C.43:6A-3) is amended to read  
41 as follows:

42 3. As used in this act:

43 a. "Accumulated deductions" means the sum of all amounts,  
44 deducted from the compensation of a member or contributed by him  
45 or on his behalf, standing to the credit of his individual account in  
46 the annuity saving fund.

- 1       b. "Annuity" means payments for life derived from the  
2 accumulated deductions of a member as provided in this  
3 amendatory and supplementary act.
- 4       c. "Annuity reserve" means the present value of all payments  
5 to be made on account of any annuity or benefit in lieu of an  
6 annuity computed on the basis of such mortality tables  
7 recommended by the actuary as the **[State House Commission]**  
8 New Jersey Public Employee Benefits Board adopts with regular  
9 interest.
- 10      d. "Beneficiary" means any person entitled to receive any  
11 benefit pursuant to the provisions of this act by reason of the death  
12 of a member or retirant.
- 13      e. "Child" means a deceased member's or retirant's unmarried  
14 child who is either (a) under the age of 18; (b) of any age who, at  
15 the time of the member's or retirant's death, is disabled because of  
16 mental retardation or physical incapacity, is unable to do any  
17 substantial, gainful work because of the impairment and his  
18 impairment has lasted or can be expected to last for a continuous  
19 period of not less than 12 months, as affirmed by the medical board;  
20 or (c) under the age of 21 and is attending school full time.
- 21      f. "Compensation" means the base salary, for services as a  
22 member as defined in this act, which is in accordance with  
23 established salary policies of the State for all employees in the same  
24 position but shall not include individual salary adjustments which  
25 are granted primarily in anticipation of the member's retirement or  
26 additional remuneration for performing temporary duties beyond  
27 the regular work schedule.
- 28      g. "Final salary" means the annual salary received by the  
29 member at the time of his retirement or death.
- 30      h. "Fiscal year" means any year commencing with July 1 and  
31 ending with June 30 next following.
- 32      i. "Medical board" means the board of physicians provided for  
33 in section 29 of this act.
- 34      j. "Member" means the Chief Justice and associate justices of  
35 the Supreme Court, judges of the Superior Court and tax court of  
36 the State of New Jersey required to be enrolled in the retirement  
37 system established by this act.
- 38      For purposes of this act, the person holding the office of standing  
39 master by appointment pursuant to N.J.S.2A:1-7 shall have the  
40 same privileges and obligations under this act as a judge of a  
41 Superior Court.
- 42      k. "Parent" means the parent of a member who was receiving at  
43 least one-half of his support from the member in the 12-month  
44 period immediately preceding the member's death or the accident  
45 which was the direct cause of the member's death. The dependency  
46 of such a parent will be considered terminated by marriage of the  
47 parent subsequent to the death of the member.

- 1 l. "Pension" means payment for life derived from contributions  
2 by the State.
- 3 m. "Pension reserve" means the present value of all payments to  
4 be made on account of any pension or benefit in lieu of a pension  
5 computed on the basis of such mortality tables recommended by the  
6 actuary as shall be adopted by the **[State House Commission]** New  
7 Jersey Public Employee Benefits Board with regular interest.
- 8 n. "Regular interest" means interest as determined by the **[State**  
9 **Treasurer, after consultation with the Directors of the Divisions of**  
10 **Investment and Pensions, the State House Commission]** New Jersey  
11 Public Employee Benefits Board and the actuary. It shall bear a  
12 reasonable relationship to the percentage rate of earnings on  
13 investments based on the market value of assets but shall not exceed  
14 the assumed percentage rate of increase applied to salaries plus 3%,  
15 provided however that the **[commission]** board shall not set the  
16 average percentage rate of increase applied to salaries below 6%.
- 17 o. "Retirant" means any former member receiving a pension or  
18 retirement allowance as provided by this act.
- 19 p. "Retirement allowance" means the pension plus the annuity.
- 20 q. "Retirement system" or "system" herein refers to the  
21 "Judicial Retirement System of New Jersey," which is the corporate  
22 name of the arrangement for the payment of pensions, retirement  
23 allowances and other benefits under the provisions of this act  
24 including the several funds placed under said system. By that name,  
25 all of its business shall be transacted, its funds invested, warrants  
26 for money drawn, and payments made and all of its cash and  
27 securities and other property held.
- 28 r. "Service" means public service rendered for which credit is  
29 allowed on the basis of contributions made by the State.
- 30 s. "Several courts" means the Supreme, Superior, and tax  
31 courts.
- 32 t. "Widow" means the woman to whom a member or a retirant  
33 was married, or a domestic partner as defined in section 3 of  
34 P.L.2003, c.246 (C.26:8A-3), at least four years before the date of  
35 his death and to whom he continued to be married or a domestic  
36 partner until the date of his death. The eligibility of such a widow to  
37 receive a survivor's benefit will be considered terminated by the  
38 marriage of, or establishment of a domestic partnership by, the  
39 widow subsequent to the member's or the retirant's death. In the  
40 event of accidental death the four-year qualification shall be  
41 waived. When used in this act, the term "widow" shall mean and  
42 include "widower" as may be necessary and appropriate to the  
43 particular situation.
- 44 u. "Widower" means the man to whom a member or a retirant  
45 was married, or a domestic partner as defined in section 3 of  
46 P.L.2003, c.246 (C.26:8A-3), at least four years before the date of  
47 her death and to whom she continued to be married or a domestic  
48 partner until the date of her death. The eligibility of such a widower

1 to receive a survivor's benefit will be considered terminated by the  
2 marriage of, or establishment of a domestic partnership by, the  
3 widower subsequent to the member's or retirant's death. In the event  
4 of accidental death the four-year qualification shall be waived.

5 v. "Spouse" means the husband or wife, or domestic partner as  
6 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), of a member or  
7 retirant.

8 (cf: P.L.2003, c.246, s.44)

9

10 39. Section 29 of P.L.1973, c.140 (C.43:6A-29) is amended to  
11 read as follows:

12 29. a. Subject to the provisions of P.L.1955, c.70 (C.52:18A-95  
13 to 52:18A-104), the general responsibility for the proper operation  
14 of the retirement system is hereby vested in the **【State House  
15 Commission】** New Jersey Public Employee Benefits Board in  
16 accordance with the provisions of P.L. , c. (C. )(pending  
17 before the Legislature as this bill). A reference to the State House  
18 Commission in P.L.1973, c.140 (C.43:6A-1 et seq.) shall mean the  
19 New Jersey Public Employee Benefits Board.

20 b. **【**Except as otherwise herein provided, no member of the  
21 State House Commission shall have any direct interest in the gains  
22 or profits of any investments of the retirement system, nor shall any  
23 member of the State House Commission directly or indirectly, for  
24 himself or as an agent in any manner use the moneys of the  
25 retirement system, except to make such current and necessary  
26 payments as are authorized by the commission; nor shall any  
27 member of the State House Commission become an endorser or  
28 surety, or in any manner an obligor for moneys loaned to or  
29 borrowed from the retirement system.

30 c. For purposes of this act, each member of the State House  
31 Commission shall be entitled to one vote and a majority vote of all  
32 members shall be necessary for any decision by the commission at  
33 any meeting of said commission.

34 **【d.】** Subject to the limitations of this act, the **【State House  
35 Commission】** New Jersey Public Employee Benefits Board shall  
36 annually establish rules and regulations for the administration of the  
37 funds created by this act and for the transaction of **【its】** business.  
38 Such rules and regulations shall be consistent with those adopted  
39 **【by】** for the other pension funds 【within the Division of Pensions】  
40 , systems, or plans under the authority and control of the New  
41 Jersey Public Employee Benefits Board in order to permit the most  
42 economical and uniform administration of all such retirement  
43 systems, funds or plans.

44 **【e.】** c. The actuary of the system shall be selected by the  
45 **【Retirement Systems Actuary Selection Committee established by  
46 P.L.1992, c.125】** New Jersey Public Employee Benefits Board. He  
47 shall be the technical adviser of the commission on matters

1 regarding the operation of the funds created by the provisions of  
2 this act and shall perform such other duties as are required in  
3 connection herewith.

4       [f. The Attorney General shall be the legal adviser of the  
5 retirement system, except that if the Attorney General determines  
6 that a conflict of interest would affect the ability of the Attorney  
7 General to represent the commission on a matter affecting the  
8 retirement system, the commission may select and employ legal  
9 counsel to advise and represent the commission on that matter.

10       g. The Director of the Division of Pensions of the State  
11 Department of the Treasury shall be the secretary of the commission  
12 for purposes pertaining to the provisions of this act.

13       h.] d. For purposes of this act, the [State House Commission]  
14 board shall keep a record of all of its proceedings which shall be  
15 open to public inspection. The retirement system shall publish  
16 annually a report showing the fiscal transactions of the retirement  
17 system for the preceding year, the amount of the accumulated cash  
18 and securities of the system and the last balance sheet showing the  
19 financial condition of the system by means of any actuarial  
20 valuation of the assets and liabilities of the retirement system.

21       [i.] e. The [State Treasurer] New Jersey Public Employee  
22 Benefits Board shall designate a medical board [after consultation  
23 with the Director of the Division of Pensions. It shall be composed  
24 of three physicians]. The medical board shall pass on all medical  
25 examinations required under the provisions of this act, and shall  
26 report in writing to the retirement system its conclusions and  
27 recommendations upon all matters referred to it.

28 (cf: P.L.1992, c.125, s.5)

29

30       40. Section 30 of P.L.1973, c.140 (C.43:6A-30) is amended to  
31 read as follows:

32       30. a. The [State House Commission] New Jersey Public  
33 Employee Benefits Board shall [be and is hereby constituted the  
34 trustee of] have authority and control over all the various funds  
35 established by this act except the group insurance premium fund[;  
36 provided, however, that], and shall have all functions, powers, and  
37 duties relating to the investment or reinvestment of moneys of, and  
38 purchase, sale, or exchange of any investments or securities, of or  
39 for any fund established under this act, which shall be exercised and  
40 performed by the Director of the Division of Investment in  
41 accordance with the provisions of P.L.1950, c.270 (C.52:18A-79 et  
42 seq.) and of P.L. , c. (C. )(pending before the Legislature as  
43 this bill).

44       b. [The secretary of the commission shall determine from time  
45 to time the cash requirements of the various funds established by  
46 this act and the amount available for investment, all of which shall  
47 be certified to the Director of the Division of Investment.

1 c.] The Treasurer of the State of New Jersey shall be the  
2 custodian of the several funds. All payments from said funds shall  
3 be made by him only upon vouchers signed by the secretary and  
4 chairperson of the New Jersey Public Employee Benefits Board.

5 [A duly attested copy of the resolution of the State House  
6 Commission bearing on its face the specimen signature of the  
7 secretary shall be filed with the treasurer as his authority for making  
8 payments upon such vouchers.

9 d.] c. The administration of the program shall be performed by  
10 the personnel of the [Division of Pensions of the State Department  
11 of the Treasury] New Jersey Public Employee Benefits Board and  
12 the costs of administration shall be borne by the State in accordance  
13 with the provisions of P.L. , c. (C. )(pending before the  
14 Legislature as this bill).

15 (cf: P.L.1973, c.140, s.30)

16

17 41. Section 12 of P.L.1941, c. 220 (C.43:7-18) is amended to  
18 read as follows:

19 12. [For] The New Jersey Public Employee Benefits Board and  
20 the Prison Officers' Pension Commission shall have the general  
21 administration authority and responsibility for the proper operation  
22 of this pension fund[, there is hereby established a pension  
23 commission, which shall be known as the Prison Officers' Pension  
24 Commission]. Said commission shall consist of the following  
25 members:

26 (a) [The Treasurer of the State of New Jersey, ex officio] One  
27 member who is a member of the New Jersey Public Employee  
28 Benefits Board appointed by the chairperson of the board;

29 (b) One member to be appointed by the [Governor] chairperson  
30 of the New Jersey Public Employee Benefit Board;

31 (c) Three prison officers who shall be from among the members  
32 of the pension fund;

33 (d) A citizen of the State who holds no office under such State,  
34 who shall be selected by the other 5 members of the commission  
35 and shall hold office for the term of 3 years.

36 The term of a member serving pursuant to paragraph (b) of this  
37 section on the date on which P.L. , c. (C. )(pending before the  
38 Legislature as this bill) becomes operative is terminated as of the  
39 60th date following that operative date.

40 All members of the commission shall hold office for 3 years  
41 commencing on July 1 and ending on June 30 in the third year  
42 thereafter[, except that the members first appointed shall hold  
43 office from October 1, 1957 until June 30, 1960, and the first  
44 members elected shall be elected and hold office, 1 for a term  
45 commencing on October 1, 1957 and ending on June 30, 1958, 1 for  
46 a term commencing on October 1, 1957 and ending on June 30,  
47 1959 and 1 for a term commencing on October 1, 1957 and ending

1 on June 30, 1960. The terms of office of all members of the  
2 commission in office on the effective date of this act shall be  
3 terminated on September 30, 1957].

4 In case of a vacancy in the commission for any cause, the  
5 vacancy shall be filled for the unexpired term in the same manner as  
6 the office was previously filled.

7 The commission shall hold an annual meeting in July in each  
8 year and elect from its membership its president and such other  
9 officers as it deems advisable. The commission shall [also, at such  
10 meeting select a secretary and] appoint [its] a finance committee,  
11 if such a committee is authorized by the New Jersey Public  
12 Employee Benefits Board.

13 Each member of the commission shall be entitled to 1 vote in the  
14 commission and a majority of all the votes for the entire  
15 commission shall be necessary for a decision by the commission at  
16 its meetings. The commission shall keep a record of all its  
17 proceedings, which shall be open to public inspection.

18 The members of the commission shall serve without  
19 compensation but shall be reimbursed for all necessary  
20 expenditures incurred through service on the commission. No State  
21 employee shall suffer loss of salary or wages through serving on the  
22 commission.

23 All retirements shall be made and pensions allowed under this  
24 act by this commission and the board.  
25 (cf: P.L.1957, c.118, s.1)

26  
27 42. Section 4 of P.L.1973, c. 155 (C.43:7-18.1) is amended to  
28 read as follows:

29 4. The pension commission and the New Jersey Public  
30 Employee Benefits Board shall have the general responsibility for  
31 the proper operation of the pension fund, subject to the provisions  
32 of P.L.1955, c.70 (C.52:18A-95 et seq.) and of  
33 P.L. , c. (C. )(pending before the Legislature as this bill).

34 The [commission] New Jersey Public Employee Benefits Board  
35 may make all necessary rules and regulations. Such rules and  
36 regulations shall be consistent with those adopted [by] for the other  
37 pension funds [within the Division of Pensions] , systems, and  
38 plans under the authority and control of the New Jersey Public  
39 Employee Benefits Board in order to permit the most economical  
40 and uniform administration of all such retirement systems, funds,  
41 and plans.

42 A reference to a board of trustees in  
43 P.L. , c. (C. )(pending before the Legislature as this bill)  
44 shall include the commission.

45 (cf: P.L.1973, c.155, s.4)

1 43. Section 13 of P.L.1941 c.220 (C.43:7-19) is amended to read  
2 as follows:

3 13. The **【said】** pension commission and the New Jersey Public  
4 Employee Benefits Board shall have control and management of  
5 said fund and of the retirement of said prison officers, and they are  
6 hereby empowered to make all necessary rules and regulations  
7 regarding the same not inconsistent with this act. All moneys  
8 belonging to said pension fund shall be received and paid over to  
9 the Treasurer of the State of New Jersey, whose official bond shall  
10 cover the same. All moneys paid out of such pension fund shall be  
11 paid by the said treasurer upon warrants signed by the **【president】**  
12 chairperson and secretary of **【said pension commission】** the New  
13 Jersey Public Employee Benefits Board, or such other officers **【at】**  
14 as the 【pension commission】 board shall designate.

15 (cf: P.L.1941, c.220, s.13)

16

17 44. Section 5 of P.L.1973 c.155 (C.43:7-19.1) is amended to  
18 read as follows:

19 5. The **【State Treasurer】** New Jersey Public Employee Benefits  
20 Board shall designate a medical board **【after consultation with the**  
21 **Director of the Division of Pensions, subject to veto by the**  
22 **commission for valid reason. It shall be composed of three**  
23 **physicians who are not eligible to participate in the pension fund】**.  
24 The medical board shall pass upon all medical examinations  
25 required under the provisions of the act, shall investigate all  
26 essential statements and certificates by or on behalf of a member in  
27 connection with an application for disability retirement, and shall  
28 report in writing to the pension fund its conclusions and  
29 recommendations upon all matters referred to it.

30 (cf: P.L.1973, c.155, s.5)

31

32 45. Section 14 of P.L.1941, c.220 (C.43:7-20) is amended to  
33 read as follows:

34 14. **【Said pension commission】** The New Jersey Public  
35 Employee Benefits Board shall deposit such fund in any of the  
36 banks or trust companies of the State, and shall invest the same in  
37 bonds secured by first mortgages on improved property worth at  
38 least twice the amount loaned, or in bonds of the United States or of  
39 this State, or any city or county in this State. All income, interest or  
40 dividend which shall be paid or agreed to be paid on account of any  
41 loan or deposit shall belong to and constitute a part of said fund.

42 (cf: P.L.1941, c.220, s.14)

43

44 46. Section 15 of P.L.1941, c.220 (C.43:7-21) is amended to  
45 read as follows:

46 15. The **【president】** New Jersey Public Employee Benefits  
47 Board and **【secretary】** Executive Director of the board shall, on

1 behalf of the said pension commission, execute any and all releases,  
2 acquittances, receipts or discharges of any and all written evidences  
3 of indebtedness **[to said pension commission]**.

4 (cf: P.L.1941, c.220, s.15)

5

6 47. Section 16 of P.L.1941, c.220 (C.43:7-22) is amended to  
7 read as follows:

8 16. The pension commission and the New Jersey Public  
9 Employee Benefits Board shall make an annual report of the  
10 conditions of such fund and the manner in which same is invested.

11 (cf: P.L.1941, c.220, s.16)

12

13 48. Section 17 of P.L.1954, c.84 (C.43:15A-17) is amended to  
14 read as follows:

15 17. Subject to the provisions of P.L.1955, c. 70 the general  
16 responsibility for the proper operation of the Public Employees'  
17 Retirement System shall be vested in the New Jersey Public  
18 Employee Benefits Board and the board of trustees. Subject to the  
19 limitations of the law, the **[board]** New Jersey Public Employee  
20 Benefits Board shall annually establish rules and regulations for the  
21 administration and transaction of **[its]** business and for the control  
22 of the funds created by this subtitle. Such rules and regulations shall  
23 be consistent with those adopted **[by]** for the other pension funds  
24 [within the Division of Pensions] , systems, and plans under the  
25 authority and control of the New Jersey Public Employee Benefits  
26 Board in order to permit the most economical and uniform  
27 administration of all such retirement systems, funds, and plans.

28 The membership of the board of trustees shall consist of the  
29 following:

30 a. Two trustees appointed by the **[Governor, with the advice**  
31 **and consent of the Senate,]** chairperson of the New Jersey Public  
32 Employee Benefit Board who shall serve for a term of office of  
33 three years and until their successors are appointed, who shall be  
34 private citizens of the State of New Jersey and who are neither an  
35 officer thereof nor active or retired members of the system. Of the  
36 two trustees initially appointed by the **[Governor pursuant to**  
37 **P.L.1992, c.41 (C.43:6A-33.1 et al.)]** board, one shall be appointed  
38 for a term of two years and one for a term of three years. The term  
39 of a member serving on the date on which  
40 P.L. , c. (C. )(pending before the Legislature as this bill)  
41 becomes operative is terminated as of the 60th date following that  
42 operative date.

43 b. **[The State Treasurer or the Deputy State Treasurer, when**  
44 **designated for that purpose by the State Treasurer]** One trustee who  
45 is a member of the New Jersey Public Employee Benefits Board  
46 appointed by the chairperson of the board.

1 c. Three trustees elected for a term of three years by the  
2 member employees of the State from among the active or retired  
3 State members of the retirement system in a manner prescribed by  
4 the board of trustees.

5 d. One trustee elected for a term of three years by the member  
6 employees of counties from among the active or retired county  
7 members of the retirement system and the same method of holding  
8 an election from time to time used for the State employees'  
9 representatives shall be followed in elections held for county  
10 representatives.

11 e. Two trustees elected for a term of three years by the member  
12 employees of municipalities from among the active or retired  
13 municipal members of the retirement system and the same method  
14 of holding an election from time to time used for the State  
15 employees' representatives shall be followed in elections held for  
16 municipal representatives.

17 A vacancy occurring in the board of trustees shall be filled by the  
18 appointment or election of a successor in the same manner as his  
19 predecessor.

20 Each member of the board of trustees shall, upon appointment or  
21 election, take an oath of office that, so far as it devolves upon him,  
22 he will diligently and honestly administer the board's affairs, and  
23 that he will not knowingly violate or willfully permit to be violated  
24 any provision of law applicable to this act. The oath shall be  
25 subscribed to by the member making it, certified by the officer  
26 before whom it is taken and filed immediately in the office of the  
27 Secretary of State.

28 Each trustee shall be entitled to one vote in the board and a  
29 majority of all the votes of the entire board shall be necessary for a  
30 decision by the board of trustees at a meeting of the board. The  
31 board of trustees shall keep a record of all its proceedings, which  
32 shall be open to public inspection.

33 The members of the board of trustees shall serve without  
34 compensation but shall be reimbursed for any necessary  
35 expenditures. No employee shall suffer loss of salary or wages  
36 through the serving on the board.

37 The **【State Treasurer】** New Jersey Public Employee Benefits  
38 Board shall designate a medical board **【after consultation with the**  
39 **Director of the Division of Pensions, subject to veto by the board of**  
40 **trustees for valid reason. It shall be composed of three physicians**  
41 **who are not eligible to participate in the retirement system】**. The  
42 medical board shall pass upon all medical examinations required  
43 under the provisions of this act, shall investigate all essential  
44 statements and certificates by or on behalf of a member in  
45 connection with an application for disability retirement, and shall  
46 report in writing to the retirement system its conclusions and  
47 recommendations upon all matters referred to it.

48 (cf: P.L.1992, c.41, s.13)

1 49. Section 18 of P.L.1954, c.84 (C.43:15A-18) is amended to  
2 read as follows:

3 18. The board of trustees shall elect annually from its  
4 membership a chairman and may also elect a vice-chairman, who  
5 shall have all the power and authority of the chairman in the event  
6 of the death, absence or disability of the chairman.

7 The actuary of the fund shall be selected by the **Retirement**  
8 **Systems Actuary Selection Committee** established by P.L.1992,  
9 c.125 **New Jersey Public Employee Benefits Board**.

10 The actuary shall be the technical adviser of the board on matters  
11 regarding the operation of the funds created by the provisions of  
12 this act and shall perform such other duties as are required in  
13 connection therewith.

14 **The Attorney General shall be the legal adviser of the**  
15 **retirement system, except that if the Attorney General determines**  
16 **that a conflict of interest would affect the ability of the Attorney**  
17 **General to represent the board on a matter affecting the retirement**  
18 **system, the board may select and employ legal counsel to advise**  
19 **and represent the board on that matter.**

20 The chief or assistant chief of the office of secretarial services of  
21 the Division of Pensions of the State Department of the Treasury  
22 shall be the secretary of the board. The chief and assistant chief of  
23 the office of secretarial services shall be in the competitive division  
24 of the State classified service. The secretary presently in office  
25 shall hold the position as assistant chief of the office of secretarial  
26 services subject to all of the provisions of Title 11 of the Revised  
27 Statutes and shall not be removed from said office except in the  
28 manner provided under the provisions of said Title relating to  
29 permanent employees in the competitive division of the State  
30 classified service. The board of trustees shall select its secretary  
31 from among the eligible candidates.]

32 (cf: P.L.1992, c.125, s.8)

33

34 50. Section 32 of P.L.1954, c.84 (C.43:15A-32) is amended to  
35 read as follows:

36 32. The **board of trustees** New Jersey Public Employee  
37 Benefits Board shall **be and are hereby constituted trustees of**  
38 have authority and control over the various funds and accounts  
39 established by this act**;** provided, however, that **and shall have**  
40 all functions, powers, and duties relating to the investment or  
41 reinvestment of moneys of, and purchase, sale, or exchange of any  
42 investments or securities, of or for any fund or account established  
43 under this act, which shall be exercised and performed by the  
44 Director of the Division of Investment in accordance with the  
45 provisions of **chapter 270, P.L.1950, as amended and**  
46 **supplemented** P.L.1950, c.20 (C.52:18A-79 et seq.) and of  
47 P.L. , c. (C. )(pending before the Legislature as this bill).

1 **【The secretary of the board of trustees shall determine from time to**  
2 **time the cash requirements of the various funds and accounts**  
3 **established by this act and the amount available for investment, all**  
4 **of which shall be certified to the Director of the Division of**  
5 **Investment.】**

6 The members of the finance committee of the board of trustees,  
7 if such a committee is authorized by the New Jersey Public  
8 Employee Benefits Board, shall be appointed at or after July 1 of  
9 each calendar year by the chairman of the board of trustees to serve  
10 through June 30 of the ensuing calendar year and until their  
11 successors are appointed. The finance committee of the board of  
12 trustees shall consist of five members of the board of trustees, one  
13 of whom shall be the State Treasurer**【**, and one of whom shall be  
14 the member designated to serve on the State Investment Council**】**.  
15 At least three members of the finance committee shall be members  
16 of the board of trustees who have been elected by members of the  
17 system. A quorum of the finance committee shall consist of three  
18 members thereof.

19 **【A member of the board of trustees to be designated by a**  
20 **majority vote thereof shall serve on the State Investment Council as**  
21 **a representative of said board of trustees, for a term of 1 year and**  
22 **until his successor is elected and qualified.】**

23 (cf: P.L.1970, c.57, s.3)

24

25 51. Section 4 of P.L.2007, c.92 (C.43:15C-4) is amended to read  
26 as follows:

27 4. There is established in**【**, but not of, the Division of Pensions  
28 and Benefits in the Department of the Treasury**】** the New Jersey  
29 Public Employee Benefits Board the Defined Contribution  
30 Retirement Program Board, that shall consist of the Chairperson and  
31 Executive Director of the 【Division of Pensions and Benefits】 New  
32 Jersey Public Employee Benefits Boards or a designee**【**; the  
33 Director of the Division of Investment or a designee; the  
34 Commissioner of the Department of Banking and Insurance or a  
35 designee; the Director of the Office of Management and Budget or a  
36 designee;**】** and a person appointed by the Executive Director 【of the  
37 Division of Pensions and Benefits】 who is an active participant or  
38 retiree of the Defined Contribution Retirement Program. The  
39 Defined Contribution Retirement Program Board shall be under the  
40 authority and control of the New Jersey Public Employee Benefits  
41 Board in accordance with the provisions of  
42 P.L. , c. (C. )(pending before the Legislature as this bill).

43 In order to expedite implementation of the Defined Contribution  
44 Retirement Program, the current third party administrator for the  
45 New Jersey State Employees Deferred Compensation Program  
46 selected through a competitive bidding process may be utilized as  
47 the initial provider for a period not to exceed the term of the

1 contract in effect on the effective date of this section of P.L.2007,  
2 c.92 (C.43:15C-4) including extensions, to administer this program.  
3 Subsequent to the initial contract, the Defined Contribution  
4 Retirement Program Board shall select through a competitive  
5 bidding process a provider licensed or otherwise authorized to  
6 transact business in New Jersey. This provider shall be selected by  
7 competitive bidding in accordance with all applicable State laws  
8 and regulations.

9 (cf: P.L.2007, c.92, s.4)

10

11 52. Section 5 of P.L.1952, c.358 (C.43:16-6.1) is amended to  
12 read as follows

13 5. There is hereby established in the **【Division of Pensions in**  
14 **the Department of the Treasury】** New Jersey Public Employee  
15 Benefits Board a commission which shall be known as the  
16 Consolidated Police and Firemen's Pension Fund Commission, and  
17 shall consist of nine members; two of whom shall be elected by the  
18 policemen, and two of whom shall be elected by the firemen, who  
19 are active or retired members of the consolidated fund, four of  
20 which members shall be appointed by the **【Governor, with the**  
21 **advice and consent of the Senate】** chairperson of the New Jersey  
22 Public Employee Benefits Board who shall serve for a term of  
23 office of four years and until their successors are appointed and  
24 who shall be private citizens of the State of New Jersey who are  
25 neither an officer thereof nor active or retired public employees,  
26 and the remaining member whereof shall be **【the State Treasurer,**  
27 **or, when so designated by him, the Deputy State Treasurer】** a  
28 member of the New Jersey Public Employee Benefits Board  
29 appointed by the chairperson of the board. The term of any member  
30 -serving on the date on which P.L. , c. (C. )(pending before the  
31 Legislature as this bill) becomes operative who was appointed by  
32 the Governor is terminated as of the 60th date following that  
33 operative date. Of the members initially appointed by the  
34 **【Governor pursuant to P.L.1992, c.41 (C.43:6A-33.1 et al.)】** board,  
35 one shall be appointed for a term of one year, one for a term of two  
36 years, one for a term of three years, and one for a term of four  
37 years. The term of office of elected members of the commission  
38 shall be four years. Any vacancy occurring in said commission  
39 shall be filled as the office was originally filled. In each  
40 municipality and county in which a pension fund consolidated by  
41 the provisions of this act existed, elections shall be held on the  
42 second Wednesday of June in each year in which a member of said  
43 commission is to be elected by the policemen or firemen hereunder.  
44 At every such election each policeman and fireman who was a  
45 member of any pension fund consolidated and a member of the  
46 pension fund created by this act shall be eligible to vote for any of  
47 such candidates who shall have been nominated for the office of

1 elective member of said commission. The elections shall be held  
2 according to such rules and regulations as the commission shall  
3 adopt, subject to the provisions of this act, to govern the holding of  
4 such elections and the method of nominating candidates for the  
5 office to be voted for thereat.

6 Each member of the commission shall after his appointment or  
7 election, take and subscribe an oath that, so far as it devolves upon  
8 him, he will diligently and honestly fulfill his duties as a member,  
9 and that he will not knowingly violate nor willingly permit to be  
10 violated any of the provisions of law applicable to such fund. Each  
11 of such oaths, when certified by the officer before whom it is taken,  
12 shall be filed in the office of the Secretary of State. The members  
13 of the commission shall serve without compensation, but shall be  
14 reimbursed for all necessary expenses incurred in discharging their  
15 duties as members of said commission.

16 The **【State Treasurer】** New Jersey Public Employee Benefits  
17 Board shall designate a medical board **【after consultation with the**  
18 **Director of the Division of Pensions, subject to veto by the**  
19 **commission for valid reason. It shall be composed of three**  
20 **physicians who are not eligible to participate in the pension fund】**.  
21 The medical board shall pass upon all medical examinations  
22 required under the provisions of the act, shall investigate all  
23 essential statements and certificates by or on behalf of a member in  
24 connection with an application for disability retirement, and shall  
25 report in writing to the pension fund its conclusions and  
26 recommendations upon all matters referred to it.

27 (cf: P.L.1992, c.41, s.20)

28

29 53. Section 7 of P.L.1952, c.358 (C.43:16-6.2) is amended to  
30 read as follows:

31 7. On July 1, 1952, and in each succeeding year, or, when July  
32 1 is a legal holiday, upon the first business day thereafter, the  
33 members of the commission shall meet in annual meeting at which a  
34 chairman shall be elected from the membership thereof. The  
35 **【commission】** New Jersey Public Employee Benefits Board shall  
36 keep, in convenient form, such data as may be necessary for the  
37 actuarial evaluation of the fund committed to its charge and to serve  
38 as a record of its experience in the administration of the pension  
39 system dependent upon such fund. A record shall be kept of all  
40 proceedings of the commission, which shall be open to public  
41 inspection. **【The Attorney General shall act as the legal adviser of**  
42 **the commission, except that if the Attorney General determines that**  
43 **a conflict of interest would affect the ability of the Attorney**  
44 **General to represent the commission on a matter affecting the**  
45 **retirement system, the commission may select and employ legal**  
46 **counsel to advise and represent the commission on that matter. The**  
47 **actuary of the fund shall be selected by the Retirement Systems**

1 Actuary Selection Committee established by P.L.1992, c.125. He  
2 shall be the technical adviser of the commission on all matters  
3 regarding the operation of the pension fund not otherwise  
4 prescribed by law.]

5 (cf: P.L.1992, c.125, s.11)

6

7 54. R.S.43:16-7 is amended to read as follows:

8 43:16-7. The commission shall be and are hereby constituted  
9 trustees of all the funds established by this act. The **[commission]**  
10 New Jersey Public Employee Benefits Board may make all  
11 necessary rules and regulations with regard thereto. Such rules and  
12 regulations shall be consistent with those adopted **[by]** for the other  
13 pension funds [within the Division of Pensions] , systems, and  
14 plans under the authority and control of the New Jersey Public  
15 Employee Benefits Board in order to permit the most economical  
16 and uniform administration of all such retirement systems, funds,  
17 and plans. All moneys and assets of and belonging to the funds  
18 consolidated and required by this chapter to be consolidated and  
19 transferred to the pension fund, together with all increments and  
20 contributions thereto shall be received and paid over to the State  
21 Treasurer, whose official bond shall cover the same. No moneys  
22 shall be paid out of the consolidated fund except upon the warrant  
23 of the fund, signed by the chairman and secretary of the New Jersey  
24 Public Employee Benefits Board. All pensions granted under this  
25 chapter shall be exempt from execution, garnishment, attachment,  
26 sequestration or other legal process. All moneys not needed for the  
27 immediate payment of pensions under this chapter shall be invested  
28 **[for the commission]** by the board through the Director of the  
29 Division of Investment **[established pursuant to]** in accordance  
30 with the provisions of [chapter 270 of the laws of 1950] P.L.1950,  
31 c.270 (C.52:18A-79 et seq.) and of P.L. , c. (C. )(pending  
32 before the Legislature as this bill), subject to the limitations  
33 contained in section 11 of said chapter. **[A member of the**  
34 **commission, to be designated by a majority vote thereof, shall serve**  
35 **on the State Investment Council as a representative of said**  
36 **commission.]**

37 A reference to a board of trustees in  
38 P.L. , c. (C. )(pending before the Legislature as this bill)  
39 shall include the commission.

40 (cf: P.L.1971, c.179, s.2)

41

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

44 3. The New Jersey Public Employee Benefits Board through  
45 the Director of the Division of Investment shall at all times have  
46 authority to invest and reinvest the monies in, and to acquire for or

1 on behalf of, the Police and Firemen's Retirement System of New  
2 Jersey mortgage loans on residential property.  
3 (cf: P.L.1992, c.78, s.3)  
4

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

7 13. (1) Subject to the provisions of P.L.1955, c.70 (C.52:18A-  
8 95 et seq.), the general responsibility for the proper operation of the  
9 retirement system is hereby vested in the New Jersey Public  
10 Employee Benefits Board and a board of trustees.

11 (2) The board shall consist of 11 trustees as follows:

12 (a) Five members to be appointed by the **【Governor, with the**  
13 **advice and consent of the Senate,】** chairperson of the New Jersey  
14 Public Employee Benefit Board who shall serve for a term of office  
15 of four years and until their successors are appointed and who shall  
16 be private citizens of the State of New Jersey who are neither an  
17 officer thereof nor an active or retired member of any police or fire  
18 department thereof. Of the four members initially appointed by the  
19 **【Governor pursuant to P.L.1992, c.125 (C.43:4B-1 et al.)】**  
20 chairperson, one shall be appointed for a term of one year, one for a  
21 term of two years, one for a term of three years, and one for a term  
22 of four years. The member appointed by the **【Governor pursuant to**  
23 **the provisions of this amendatory act, P.L.1995, c.238】** chairperson,  
24 shall serve for a term of four years and until a successor is  
25 appointed. The term of a member serving on the date on which  
26 P.L. , c. (C. )(pending before the Legislature as this bill)  
27 becomes operative who was appointed by the Governor is  
28 terminated as of the 60th date following that operative date.

29 (b) **【The State Treasurer or the deputy State Treasurer, when**  
30 **designated for that purpose by the State Treasurer】** One trustee who  
31 is a member of the New Jersey Public Employee Benefits Board  
32 appointed by the chairperson of the board.

33 (c) Two policemen and two firemen who shall be active  
34 members of the system and who shall be elected by the active  
35 members of the system for a term of four years according to such  
36 rules and regulations as the board of trustees shall adopt to govern  
37 such election.

38 (d) One retiree from the system who shall be elected by retirees  
39 from the system for a term of four years according to such rules and  
40 regulations as the board of trustees shall adopt to govern the  
41 election.

42 (3) Each trustee shall, after his appointment or election, take an  
43 oath of office that, so far as it devolves upon him he will diligently  
44 and honestly fulfill his duties as a board member, and that he will  
45 not knowingly violate or willingly permit to be violated any of the  
46 provisions of the law applicable to the retirement system. Such oath  
47 shall be subscribed by the member making it, and certified by the

1 officer before whom it is taken, and immediately filed in the office  
2 of the Secretary of State.

3 (4) If a vacancy occurs in the office of a trustee, the vacancy  
4 shall be filled in the same manner as the office was previously  
5 filled.

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

9 (6) Each trustee shall be entitled to one vote in the board. Six  
10 trustees must be present at any meeting of said board for the  
11 transaction of its business.

12 (7) Subject to the limitations of this act, the **[board of trustees]**  
13 New Jersey Public Employee Benefits Board shall annually  
14 establish rules and regulations for the administration of the funds  
15 created by this act and for the transaction of **[its]** business. Such  
16 rules and regulations shall be consistent with those adopted **[by]**  
17 for the other pension funds [within the Division of Pensions and  
18 Benefits] , systems, and plans under the authority and control of the  
19 New Jersey Public Employee Benefits Board in order to permit the  
20 most economical and uniform administration of all such retirement  
21 systems, funds, and plans.

22 (8) The board of trustees shall elect from its membership a  
23 chairman. **[The Director of the Division of Pensions and Benefits**  
24 **shall appoint a qualified employee of the division to be secretary of**  
25 **the board.]** The administration of the program shall be performed  
26 by the personnel of the **[Division of Pensions and Benefits]** New  
27 Jersey Public Employee Benefits Board.

28 (9) The board of trustees shall keep a record of all of its  
29 proceedings which shall be open to public inspection. The  
30 retirement system shall publish annually a report showing the fiscal  
31 transactions of the retirement system for the preceding year, the  
32 amount of the accumulated cash and securities of the system, and  
33 the last balance sheet showing the financial condition of the system  
34 by means of an actuarial valuation of the assets and liabilities of the  
35 retirement system.

36 (10) **[The Attorney General of the State of New Jersey shall be**  
37 **the legal adviser of the retirement system, except that if the**  
38 **Attorney General determines that a conflict of interest would affect**  
39 **the ability of the Attorney General to represent the board on a**  
40 **matter affecting the retirement system, the board may select and**  
41 **employ legal counsel to advise and represent the board on that**  
42 **matter.] Deleted by amendment, P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_)(pending**  
43 **before the Legislature as this bill).**

44 (11) The **[State Treasurer]** New Jersey Public Employee  
45 Benefits Board shall designate a medical board **[after consultation**  
46 **with the Director of the Division of Pensions and Benefits, subject**  
47 **to veto by the board of trustees for valid reason. It shall be**

1 composed of three physicians who are not eligible to participate in  
2 the retirement system]. The medical board shall pass upon all  
3 medical examinations required under the provisions of this act, shall  
4 investigate all essential statements and certificates by or on behalf  
5 of a member in connection with an application for disability  
6 retirement, and shall report in writing to the retirement system its  
7 conclusions and recommendations upon all matters referred to it.

8 (12) The actuary of the system shall be selected by the  
9 **Retirement Systems Actuary Selection Committee established by**  
10 **P.L.1992, c.125** New Jersey Public Employee Benefits Board. He  
11 shall be the technical adviser of the board of trustees on matters  
12 regarding the operation of the funds created by the provisions of  
13 this act, and shall perform such other duties as are required in  
14 connection therewith.

15 (13) At least once in each three-year period the actuary shall  
16 make an actuarial investigation into the mortality, service and  
17 compensation experience of the members and beneficiaries of the  
18 retirement system and, with the advice of the actuary, the **board of**  
19 **trustees** New Jersey Public Employee Benefits Board shall adopt  
20 for the retirement system such mortality, service and other tables as  
21 shall be deemed necessary and shall certify the rates of contribution  
22 payable under the provisions of this act.

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

24 (15) On the basis of such tables recommended by the actuary as  
25 the **board of trustees** New Jersey Public Employee benefits Board  
26 shall adopt and regular interest, the actuary shall make an annual  
27 valuation of the assets and liability of the funds of the system  
28 created by this act.

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

30 (17) Each policeman or fireman member of the board of trustees  
31 shall be entitled to time off from his duty, with pay, during the  
32 periods of his attendance upon regular or special meetings of the  
33 board of trustees, and such time off shall include reasonable travel  
34 time required in connection therewith.

35 (cf: P.L.1995, c.238, s.1)

36

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

39 14. (1) The **board of trustees** New Jersey Public Employee  
40 Benefits Board shall **be and are hereby constituted trustees of**  
41 **have authority and control over** the various funds and accounts  
42 established by this act**;** provided, however, that **, and shall have**  
43 all functions, powers and duties relating to the investment or  
44 reinvestment of moneys of, and purchase, sale or exchange of any  
45 investments or securities, of or for any fund or account established  
46 under this act **, which** shall be exercised and performed by the  
47 director of the Division of Investment in accordance with the

1 provisions of [chapter 270, of the laws of 1950] P.L.1950, c.20  
2 (C.52:18A-79 et seq.) and of P.L. , c. (C. )(pending before the  
3 Legislature as this bill). The [secretary of the board of trustees]  
4 New Jersey Public Employee Benefits Board shall determine from  
5 time to time the cash requirements of the various funds and  
6 accounts established by this act and the amount available for  
7 investment, all of which shall be certified to the Director of the  
8 Division of Investment.

9 [A member of the board of trustees to be designated by a  
10 majority vote thereof shall serve on the State Investment Council as  
11 a representative of said board of trustees, for a term of 1 year and  
12 until his successor is elected and qualified.]

13 (2) The Treasurer of the State of New Jersey shall be the  
14 custodian of the several funds created by this act, shall select all  
15 depositories and custodians and shall negotiate and execute custody  
16 agreements in connection with the assets or investments of any of  
17 said funds. All payments from said funds shall be made by him  
18 only upon vouchers signed by the chairman and countersigned by  
19 the secretary of the [board of trustees] New Jersey Public  
20 Employee Benefits Board. No voucher shall be drawn, except upon  
21 the authority of the board duly entered in the records of its  
22 proceedings.

23 (3) (Deleted by amendment.)

24 (4) Except as otherwise herein provided, no trustee and no  
25 employee of the board of trustees shall have any direct interest in  
26 the gains or profits of any investments of the retirement system; nor  
27 shall any trustee or employee of the board of trustees directly or  
28 indirectly, for himself or as an agent in any manner use the moneys  
29 of the retirement system, except to make such current and necessary  
30 payments as are authorized by the board of trustees; nor shall any  
31 trustee or employee of the board of trustees become an endorser or  
32 surety, or in any manner an obligor for moneys loaned to or  
33 borrowed from the retirement system.

34 (cf: P.L.1970, c.57, s.11)

35

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

38 6. The [State Treasurer] New Jersey Public Employee Benefits  
39 Board, with the advice of the State Investment Council, the Board  
40 of Trustees of the Police and Firemen's Retirement System, and the  
41 New Jersey Housing and Mortgage Finance Agency, shall set  
42 mortgage loan standards and guidelines for loans made pursuant to  
43 this act, including mortgage loan maturity terms, participation fees,  
44 mortgage loan insurance requirements, lender compensation rates,  
45 servicing fees, loan-to-value ratios, minimum and maximum

1 mortgage loan amounts and eligibility standards consistent with  
2 section 4 of this act.

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

4

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

7 9. The **【State Treasurer】** Executive Director of the New Jersey  
8 Public Employee Benefits Board shall, with the advice of the **【State**  
9 **Investment Council, the Director of the Division of Pensions and**  
10 **the】** Executive Director of the New Jersey Housing and Mortgage  
11 Finance Agency and in accordance with the "Administrative  
12 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate  
13 any rules and regulations necessary to accomplish the purposes of  
14 this act.

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

16

17 60. Section 3 of P.L.1961, c.49 (C.52:14-17.27) is amended to  
18 read as follows:

19 3. There is hereby created a State Health Benefits Commission,  
20 consisting of five members: **【the State Treasurer; the Commissioner**  
21 **of Banking and Insurance; the Chairperson of the Civil Service**  
22 **Commission】** three members who are members of the New Jersey  
23 Public Employee Benefits Board appointed by the chairperson of  
24 the board; a State employees' representative chosen by the Public  
25 Employees' Committee of the AFL-CIO; and**【, through June 30,**  
26 **2008, when employers of employees, as defined in section 32 of**  
27 **P.L.2007, c.103 (C.52:14-17.46.2), will no longer be eligible to**  
28 **participate in the State Health Benefits Program authorized by**  
29 **P.L.1961, c.49, a representative chosen by the New Jersey**  
30 **Education Association, which represents the largest number of**  
31 **employees of employers other than the State participating in the**  
32 **State Health Benefits Program. Beginning July 1, 2008, the fifth**  
33 **member of the commission shall be】** a local employees'  
34 representative chosen by the Public Employees' Committee of the  
35 AFL-CIO.

36 **【The treasurer】** A member appointed by the chairperson of the  
37 New Jersey Public Employee Benefits Board shall be chairman of  
38 the commission and the health benefits program authorized by  
39 P.L.1961, c.49 shall be administered **【in】** by the **【Treasury**  
40 **Department】** New Jersey Public Employee Benefits Board. **【The**  
41 **Director of the Division of Pensions and Benefits shall be the**  
42 **secretary of the commission.】** The commission shall establish a  
43 health benefits program for the employees of the State, the cost of  
44 which shall be paid as specified in section 6 of P.L.1961, c.49. The  
45 **【commission】** board shall establish rules and regulations as may be  
46 deemed reasonable and necessary for the administration of  
47 P.L.1961, c.49.

1       【The Attorney General shall be the legal advisor of the  
2 commission.】

3       The members of the commission shall serve without  
4 compensation but shall be reimbursed for any necessary  
5 expenditures. The public employee members shall not suffer loss of  
6 salary or wages during service on the commission.

7       The commission shall publish annually a report showing the  
8 fiscal transactions of the program for the preceding year and stating  
9 other facts pertaining to the plan. The commission shall submit the  
10 report to the Governor and furnish a copy to every employer for use  
11 of the participants and the public.

12 (cf: P.L.2008, c.29, s.108)

13

14       61. Section 5 of P.L.1950, c.270 (C.52:18A-83) is amended to  
15 read as follows:

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

18       (1) 【Each of the following agencies, namely, the Board of  
19 Trustees of the Public Employees' Retirement System, the Board of  
20 Trustees of the State Police Retirement System, the Board of  
21 Trustees of the Teachers' Pension and Annuity Fund, and the Board  
22 of Trustees of the Police and Firemen's Retirement System of New  
23 Jersey,】 The New Jersey Public Employee Benefits Board shall  
24 elect 【one of the active members of its retirement system, or one of  
25 the retirees of its retirement system who is receiving a retirement  
26 allowance,】 four of its members to serve as 【a member】 members  
27 of the State Investment Council herein established. In the event the  
28 New Jersey Public Employee Benefits Board makes the election  
29 provided in paragraph (2) of subsection a. of section 16 of  
30 P.L. , c. (C. )(pending before the Legislature as this bill),  
31 the Governor shall appoint the four members, with the advice and  
32 consent of the Senate. The four members of the council so elected  
33 or appointed shall serve as such for a period of three years from the  
34 date of their election or appointment and until their respective  
35 successors are in like manner elected or appointed, and the  
36 members elected shall serve only during their term of service on the  
37 New Jersey Public Employee Benefits Board. The term of a  
38 member serving on the date on which P.L. , c. (C. )(pending  
39 before the Legislature as this bill) becomes operative is terminated  
40 as of the 60th date following that operative date.

41       (2) Six of the members of the State Investment Council shall be  
42 appointed by the Governor, with the advice and consent of the  
43 Senate, for a term of five years and shall serve until the member's  
44 successor is appointed and has qualified.

45       (3) One member of the State Investment Council shall be  
46 appointed by the Governor from among three persons nominated  
47 jointly by the President of the Senate and the Speaker of the

1 General Assembly and shall serve for a term of five years and until  
2 the member's successor is appointed and has qualified.

3 (4) One member of the State Investment Council shall be  
4 appointed by the Governor from among three persons nominated by  
5 the Public Employee Committee of the New Jersey State AFL-CIO  
6 and shall serve for a term of three years and until the member's  
7 successor is appointed and has qualified. If the persons nominated  
8 are not acceptable to the Governor for appointment, the Governor  
9 may request submission of new nominees.

10 (5) One member of the State Investment Council shall be  
11 appointed by the Governor from among three persons nominated by  
12 the New Jersey Education Association and shall serve for a term of  
13 three years and until the member's successor is appointed and has  
14 qualified. If the persons nominated are not acceptable to the  
15 Governor for appointment, the Governor may request submission of  
16 new nominees.

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

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

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

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

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

1 disclosure statements of council members shall be made available to  
2 the public in the same manner as the statements of members of  
3 other State boards and commissions are made available to the  
4 public.

5 Each member of the council, except the member appointed from  
6 among persons nominated by the President of the Senate and the  
7 Speaker of the General Assembly, and except the members elected  
8 from among the members of the New Jersey Public Employee  
9 Benefits Board, may be removed from office by the Governor, for  
10 cause, upon notice and opportunity to be heard at a public hearing.  
11 Any vacancy in the membership of the council occurring other than  
12 by expiration of term shall be filled in the same manner as the  
13 original appointment, but for the unexpired term only.

14 c. The terms of the members of the council serving on the  
15 effective date specified for this section of P.L.2007, c.103, other  
16 than the five members appointed by the Governor with the advice  
17 and consent of the Senate to serve for terms of five years and the  
18 one member appointed by the Governor from persons nominated  
19 jointly by the President of the Senate and the Speaker of the  
20 General Assembly to serve for a term of five years, are terminated  
21 as of that effective date. A member terminated pursuant to this  
22 subsection shall be eligible for reappointment.

23 (cf: P.L.2007, c.103, s.50)

24

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

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

29 The Board of Trustees of the Public Employees' Retirement  
30 System; the Board of Trustees of the State Police Retirement  
31 System; the Prison Officers' Pension Commission; the Board of  
32 Trustees of the Teachers' Pension and Annuity Fund; the Board of  
33 Trustees of the Police and Firemen's Retirement System of New  
34 Jersey; and the Consolidated Police and Firemen's Pension Fund  
35 Commission; of, or relating to, investment or reinvestment of  
36 moneys of, and purchase, sale or exchange of any investments or  
37 securities of or for any funds or accounts under the control and  
38 management of such agencies, are hereby transferred to and shall be  
39 exercised and performed for such agencies by the Director of the  
40 Division of Investment established hereunder in accordance with  
41 the authority and control over such matters and such agencies  
42 vested in the New Jersey Public Employee Benefits Board pursuant  
43 to P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_)(pending before the Legislature as this  
44 bill).

45 (cf: P.L.1970, c.57, s.17)

46

47 63. Section 1 of P.L.1959, c. 17 (C.52:18A-88.1) is amended to  
48 read as follows:

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

6       The Consolidated Police and Firemen's Pension Fund  
7 Commission;

8       The Police and Firemen's Retirement System of New Jersey;

9       The Prison Officers' Pension Commission;

10      The Public Employees' Retirement System of New Jersey;

11      The State Police Retirement System;

12      The Teachers' Pension and Annuity Fund;

13      The Judicial Retirement System of New Jersey;

14      The Trustees for the Support of Public Schools;

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

17      such investments which shall be authorized or approved for  
18 investment by regulation of the State Investment Council and the  
19 New Jersey Public Employee Benefits Board as provided in  
20 P.L. , c. (C. )(pending before the Legislature as this bill).

21 (cf: P.L.1997, c.26, s.25)

22

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

25      11. a. Limitations, conditions and restrictions contained in any  
26 law concerning the kind or nature of investment of any of the  
27 moneys of any of the funds or accounts referred to herein shall  
28 continue in full force and effect; provided, however, that subject to  
29 any acceptance required, or limitation or restriction contained  
30 herein: the Director of the Division of Investment shall at all times  
31 have authority to invest and reinvest any such moneys in  
32 investments as defined in subsection c. of this section and, for or on  
33 behalf of any such fund or account, to sell or exchange any such  
34 investments. The director's actions and decisions shall be exercised  
35 and performed under the authority and control of the New Jersey  
36 Public Employee Benefits Board and in accordance with the  
37 provisions of P.L. , c. (C. )(pending before the Legislature  
38 as this bill).

39      b. In investing and reinvesting any and all money and property  
40 committed to the director's investment discretion from any source  
41 whatsoever, and in acquiring, retaining, selling, exchanging and  
42 managing investments, the Director of the Division of Investment  
43 shall exercise the care, skill, prudence and diligence under the  
44 circumstances then prevailing that a prudent person acting in a like  
45 capacity and familiar with such matters would use in the conduct of  
46 an enterprise of a like character and with like aims. In making each  
47 investment, the director may, depending on the nature and  
48 objectives of the portfolio, consider the whole portfolio, provided

1 that, in making each investment, the director shall act with the  
2 reasonable expectation that the return on each investment shall be  
3 commensurate with the risk associated with each investment. The  
4 director shall be under a duty to manage and invest the portfolio  
5 solely in the interests of the beneficiaries of the portfolio and for the  
6 exclusive purpose of providing financial benefits to the  
7 beneficiaries of the portfolio.

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

31 (cf: P.L.1997, c.26, s.26)

32

33 65. Section 1 of P.L.1970, c. 270 (C.52:18A-90.1) is amended to  
34 read as follows:

35 1. Notwithstanding any statute or rule of law to the contrary,  
36 the Director of the Division of Investment may, subject to the  
37 approval of the State Investment Council, the New Jersey Public  
38 Employee Benefits Board when appropriate, and the State  
39 Treasurer, establish, maintain and operate one or more common  
40 trust funds, in which may be combined for the purpose of  
41 investment, money and property belonging to the various funds in  
42 the custody of the State Treasurer; provided, however, that there  
43 shall not be combined in any common trust fund, excepting the  
44 State of New Jersey Cash Management Fund established pursuant to  
45 section 1 of this amendatory and supplementary act, moneys and  
46 property of any fund the income of which inures to the benefit of

1 the General State Fund and money and property of any fund the  
2 income of which inures to the benefit of said fund.

3 (cf: P.L.1970, c.270, s.1)

4

5 66. Section 13 of P.L.1950, c.270 (C.52:18A-91) is amended to  
6 read as follows:

7 13. a. The State Investment Council and the New Jersey Public  
8 Employee Benefits Board shall consult with the Director of the  
9 Division of Investment from time to time with respect to the work  
10 of the division. **[It]** The council and the board shall have access to  
11 all files and records of the division and may require any officer or  
12 employee therein to provide such information as **[it]** they may  
13 deem necessary in the performance of **[its]** their functions. The  
14 council and the board shall have authority to inspect and audit the  
15 respective accounts and funds administered through the Division of  
16 Investment. **[It]** They shall formulate and establish, and may from  
17 time to time amend, modify or repeal, such policies as **[it]** they  
18 may deem necessary or proper, which shall govern the methods,  
19 practices or procedures for investment, reinvestment, purchase, sale  
20 or exchange transactions to be followed by the Director of the  
21 Division of Investment established hereunder. The New Jersey  
22 Public Employee Benefits Board shall have the authority and  
23 control as provided in P.L. , c. (C. )(pending before  
24 the Legislature as this bill).

25 b. On or before January first of each year, and at such other  
26 times as it may deem in the public interest, the council shall report  
27 to the Governor, the Legislature, New Jersey Public Employee  
28 Benefits Board, and the State Treasurer with respect to its work and  
29 the work of the Division of Investment. In addition to the reports  
30 specified above and in section 14 of P.L.1950, c.270 (C.52:18A-  
31 92), the council shall issue a report by March 1 of each year on the  
32 investment activities for the prior calendar year, which shall include  
33 a summary of the current investment policies and strategies of the  
34 council and those in effect during the prior calendar year, a detailed  
35 summary for each financial product of the amount invested, whether  
36 the investments were made by employees of the Division of  
37 Investment or by external managers, performance benchmarks, and  
38 actual performance during the calendar year. The report shall be  
39 submitted to the Governor, the Legislature, the New Jersey Public  
40 Employee Benefits Board, and the State Treasurer, and shall be  
41 made available to the public through the official Internet site of the  
42 State.

43 c. The council shall hold a meeting each year that shall be open  
44 to the public, and shall accept comments from the public at such  
45 meeting. The matters that shall be open to discussion and public  
46 comment during this annual meeting shall include the investment  
47 policies and strategies of the council, the investment activities of

1 the council, the financial disclosure statements filed by council  
2 members, and the certification of contributions filed by external  
3 managers, as well as other appropriate matters concerning the  
4 operations, activities and reports of the council.

5 d. An external manager shall be required to file a certification  
6 before being retained, and annually thereafter, that discloses the  
7 political contributions made, during the 12 months preceding the  
8 certification, by the manager or the manager's firm, or a political  
9 committee in which the manager or firm was active. The  
10 certification shall specify the political contributions made to  
11 candidates for elective public office in this State and any political  
12 committee established for the support of such candidates, and  
13 contributions made for the transition and inaugural expenses of any  
14 candidate who is elected to public office. As used in this subsection,  
15 "contribution" and "political committee" shall have the meaning set  
16 forth in "The New Jersey Campaign Contributions and Expenditures  
17 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.). This  
18 certification shall be in addition to any other such disclosure  
19 required by law or executive order of the Governor.  
20 (cf: P.L.2007, c.103, s.51)

21  
22 67. Section 4 of P.L.1963, c.123 (C.52:18A-110) is amended to  
23 read as follows:

24 4. There is hereby established in the Department of the  
25 Treasury the Supplemental Annuity Collective Trust of New Jersey,  
26 which shall accept amounts received for supplemental annuities  
27 from the State administered retirement systems and retirement  
28 plans created by the New Jersey Public Employee Benefits Board  
29 in accordance with P.L. , c. (C. )(pending before  
30 the Legislature as this bill) and combine the same for purposes of  
31 this act. The Supplemental Annuity Collective Trust shall also  
32 accept amounts paid by employers for the purchase of annuities on  
33 behalf of employees as hereinafter provided. The funds paid by  
34 employers to purchase annuities for their employees shall be  
35 accounted for separately from other funds received by the  
36 Supplemental Annuity Collective Trust. The Supplemental  
37 Annuity Collective Trust hereby established shall consist of a  
38 Variable Division and a Fixed Division.  
39 (cf: P.L.1965, c.90, s.2)

40  
41 68. N.J.S.52:18A-111 is amended to read as follows:  
42 52:18A-111. In order to facilitate the administration of the  
43 supplemental annuity programs of the State administered retirement  
44 systems and retirement plans created by the New Jersey Public  
45 Employee Benefits Board in accordance with  
46 P.L. , c. (C. )(pending before the Legislature as  
47 this bill), the **【State administered retirement systems】** New Jersey  
48 Public Employee Benefits Board shall **【vest】** have the general

1 responsibility for control and management of **【their】** the  
2 supplemental annuity programs in the Supplemental Annuity  
3 Collective Trust **【under the direction of a council consisting of the**  
4 State Treasurer, who shall be the chairman, the Commissioner of  
5 the Department of Insurance, and the State Budget Director. In the  
6 event of a vacancy in one of the above enumerated offices, the  
7 official assuming the responsibility of that office shall act as a  
8 member of the council.

9 The Director of the Division of Pensions shall be the secretary of  
10 the council.】 The administration of the programs shall be  
11 performed by the personnel of the **【Division of Pensions】** New  
12 Jersey Public Employee Benefits Board and the costs of  
13 administration shall be borne by the State in accordance with the  
14 provisions of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_)(pending before the  
15 Legislature as this bill).

16 **【The Attorney General shall be the legal advisor of the council.】**

17 The **【council】** New Jersey Public Employee Benefits Board shall  
18 retain the services of an actuary. The actuary shall make an  
19 actuarial review of the Supplemental Annuity Collective Trust at  
20 least once in every three-year period and at such other times as the  
21 **【council】** board, in its discretion, shall deem advisable.

22 The **【council】** New Jersey Public Employee Benefits Board shall  
23 promulgate such rules and regulations, not inconsistent with the  
24 provisions of this act, as it shall deem necessary for the effective  
25 operation of the trust.

26 The **【council】** board shall publish annually a report of its  
27 operations and the financial condition of the Supplemental Annuity  
28 Collective Trust. It shall also give each participant who has not  
29 commenced to receive annuity payments an annual statement of his  
30 account.

31 The **【council】** board shall not commingle the assets of the  
32 Variable Division and the assets of the Fixed Division.

33 The records of the Supplemental Annuity Collective Trust shall  
34 be subject to audit by the State Auditor.

35 Any reference in law to the council for the Supplemental  
36 Annuity Collective Trust shall mean the New Jersey Public  
37 Employee Benefits Board.

38 (cf: P.L.1987, c.330, s.2)

39

40 69. N.J.S.52:18A-163 is amended to read as follows:

41 52:18A-163. State employees deferred compensation board;  
42 establishment; members; compensation; meetings

43 There is hereby established in the **【Department of the Treasury**  
44 **the New Jersey】** New Jersey Public Employee Benefits Board a  
45 State Employees Deferred Compensation Board **【(hereinafter called**  
46 **the board)】**. The membership of the board shall consist of **【the**  
47 State Treasurer, who shall serve as chairman, the Commissioner of

1 Insurance, and the Director of the Division of Budget and  
2 Accounting in the Department of the Treasury, who shall be  
3 members ex officio, or the designee of any of said officials] three  
4 members of the New Jersey Public Employee Benefits Board  
5 appointed by the chairperson of the board. The members of the  
6 board shall receive no compensation for service on said board. The  
7 board shall meet at such time as called by the chairman or a  
8 majority of the board. The board shall be under the authority and  
9 control of the New Jersey Public Employee Benefits Board as  
10 provided in P.L. , c. (C. )(pending before the Legislature  
11 as this bill).

12 (cf: N.J.S.52:18A-163)

13

14 70. N.J.S.52:18A-167 is amended to read as follows:

15 52:18A-167. Powers

16 a. The **[board]** New Jersey Public Employee Benefits Board,  
17 and the State Employees Deferred Compensation Board, when  
18 authorized by the New Jersey Public Employee Benefits Board, is  
19 empowered to take all measures necessary for the implementation  
20 and administration of this act, including but not limited to the  
21 following:

22 (1) **[The delegation of all or part of the administration of the**  
23 **Plan, including the management and investment of deferred and**  
24 **deducted salary funds, to any division or divisions within the**  
25 **Department of the Treasury]** Deleted by amendment,  
26 P.L. , c. (pending before the Legislature a this bill);

27 (2) Contracting with one or more private organizations for the  
28 administration of all or part of the plan, including the management  
29 and investment or either thereof of deferred and deducted salary  
30 funds, provided that any such contract or contracts be in compliance  
31 with applicable bidding requirements for award of State contracts;  
32 **[and further provided that a board determination to contract for the**  
33 **investment of any or all of said funds is subject to the prior**  
34 **approval of the State Investment Council and when said approval**  
35 **has been received, the board shall delegate the responsibility for**  
36 **said contracting to the Division of Investment];**

37 (3) Establishment of a plan or plan option which permits a  
38 participating employee to request the administrator of the plan to  
39 invest all or a specified percentage of said employee's deferred  
40 salary in one of or a specified combination of the following kinds of  
41 investments: (a) life insurance contracts, (b) annuity contracts, and  
42 (c) mutual fund shares; provided that the administrator retains the  
43 discretion to reject said request and further provided that the  
44 specific investment so made is selected and determined by the  
45 **[Division of Investment ]** New Jersey Public Employee Benefits  
46 Board acting on behalf of the administrator or by a private  
47 organization operating under a contract pursuant to subsection 5a(2)

1 of this section and subject to the approval of the **[Division of**  
2 **Investment]** New Jersey Public Employee Benefits Board;

3 (4) The establishment, either in the plan or through separate  
4 rules and regulations, of the requirements, limitations and  
5 conditions for participation in the plan, including but not limited to  
6 the setting forth of those State employees deemed eligible for  
7 participation in the plan; the amount of current salary an employee  
8 may defer and have deducted for disposition by the board; when  
9 and under what circumstances such deferrals and deductions may be  
10 made, changed or revoked; when and under what circumstances a  
11 participating employee or designated beneficiaries may withdraw  
12 funds from the plan; and when and under what circumstances  
13 records and data concerning benefits under the plan shall remain  
14 confidential;

15 (5) Consultation with any State agency or with majority  
16 representatives of State employees for the purpose of receiving their  
17 views and comments.

18 b. The board shall provide in the plan for any distribution of  
19 investment earnings, gains or losses, consistent with the  
20 requirements of the United States Internal Revenue Service. The  
21 distribution shall be allocated to each employee when he or she  
22 withdraws from the plan or receives benefits from the plan in  
23 accordance with the terms of the plan and the provisions of this act.

24 c. The board shall provide in the plan for a uniform system of  
25 accounting for each participating employee and for the investment  
26 of deferred compensation funds with annual or more frequent  
27 reports to the participants in the plan**],** provided however, that said  
28 uniform system of accounting as it applies to the investment of said  
29 funds shall be subject to the prior approval of and modification by  
30 the State Investment Council**].**

31 d. A private organization operating under a contract pursuant to  
32 subsection 5a(2) of this section or seeking or planning to seek such  
33 a contract may not distribute or make public any written material  
34 concerning any deferred compensation program or benefits  
35 authorized under this act without the prior approval by the  
36 **[Division of Investment]** New Jersey Public Employee Benefits  
37 Board of the form and content or the material.

38 (cf: N.J.S.52:18A-167)

39

40 71. N.J.S.52:18A-169 is amended to read as follows:

41 52:18A-169. Immunity from liability for loss

42 The State, the **[board]** New Jersey Public Employee Benefits  
43 Board and the State Employees Deferred Compensation Board and  
44 the members of the board, the Division of Investment and its  
45 employees, and the State Investment Council and its members shall

1 not be liable for any loss incurred by any employee by reason of  
2 participation in the plan.

3 (cf: N.J.S.52:18A-169)

4

5 72. Section 30 of P.L.1965, c.89 (C.53:5A-30) is amended to  
6 read as follows:

7 30. a. Subject to the provisions of P.L.1955, c.70 (C.52:18A-95  
8 et seq.), the general responsibility for the proper operation of the  
9 retirement system is hereby vested in the New Jersey Public  
10 Employee Benefits Board and the board of trustees.

11 b. The board shall consist of five trustees as follows:

12 (1) Two active or retired members of the system who shall be  
13 appointed by the **【Superintendent of State Police】** chairperson of  
14 the New Jersey Public Employee Benefits Board, who shall serve at  
15 the pleasure of the **【superintendent】** chairperson and until their  
16 successors are appointed and one of whom shall be or shall have  
17 been a commissioned officer of the Division of State Police.

18 (2) Two members to be appointed by the **【Governor, with the**  
19 **advice and consent of the Senate】** chairperson of the New Jersey  
20 Public Employee Benefit Board, who shall serve for a term of office  
21 of three years and until their successors are appointed and who shall  
22 be private citizens of the State of New Jersey who are neither an  
23 officer thereof nor active or retired members of the system. Of the  
24 two members initially appointed by the **【Governor pursuant to**  
25 **P.L.1992, c.125 (C.43:4B-1 et al.)】** chairperson, one shall be  
26 appointed for a term of two years and one for a term of three years.

27 (3) **【The State Treasurer ex officio. The Deputy State**  
28 **Treasurer, when designated for that purpose by the State Treasurer,**  
29 **may sit as a member of the board of trustees and when so sitting**  
30 **shall have all the powers and shall perform all the duties vested by**  
31 **this act in the State Treasurer】** One member who is a member of the  
32 New Jersey Public Employee Benefits Board appointed by the  
33 chairperson of the board.

34 The term of a member serving on the date on which  
35 P.L. , c. (C. )(pending before the Legislature as this bill)  
36 becomes operative is terminated as of the 60th date following that  
37 operative date.

38 c. Each trustee shall, after his appointment, take an oath of  
39 office that, so far as it devolves upon him, he will diligently and  
40 honestly fulfill his duties as a board member, that he will not  
41 knowingly violate or permit to be violated any of the provisions of  
42 the law applicable to the retirement system. Such oath shall be  
43 subscribed by the member taking it, and certified by the official  
44 before whom it is taken, and immediately filed in the office of the  
45 Secretary of State.

- 1 d. If a vacancy occurs in the office of a trustee, the vacancy  
2 shall be filled in the same manner as the office was previously  
3 filled.
- 4 e. The trustees shall serve without compensation, but they shall  
5 be reimbursed by the State for all necessary expenses that they may  
6 incur through service on the board. No employee member shall  
7 suffer loss of salary through the serving on the board.
- 8 f. Except as otherwise herein provided, no member of the  
9 board of trustees shall have any direct interest in the gains or profits  
10 of any investments of the retirement system; nor shall any member  
11 of the board of trustees directly or indirectly, for himself or as an  
12 agent in any manner use the moneys of the retirement system,  
13 except to make such current and necessary payments as are  
14 authorized by the board of trustees; nor shall any member of the  
15 board of trustees become an endorser or surety, or in any manner an  
16 obligor for moneys loaned to or borrowed from the retirement  
17 system.
- 18 g. Each trustee shall be entitled to one vote in the board. A  
19 majority vote of all trustees shall be necessary for any decision by  
20 the trustees at any meeting of said board.
- 21 h. Subject to the limitations of this act, the **[board of trustees]**  
22 New Jersey Public Employee Benefits Board shall annually  
23 establish rules and regulations for the administration of the funds  
24 created by this act and for the transactions of **[its]** business. Such  
25 rules and regulations shall be consistent with those adopted **[by]**  
26 for the other pension funds [within the Division of Pensions] ,  
27 systems, and plans under the authority and control of the New  
28 Jersey Public Employee Benefits Board in order to permit the most  
29 economical and uniform administration of all such retirement  
30 systems, funds, and plans.
- 31 i. The actuary of the fund shall be selected by the **[Retirement**  
32 **Systems Actuary Selection Committee established by P.L.1992,**  
33 **c.125]** New Jersey Public Employee Benefits Board. He shall be  
34 the technical adviser of the board on matters regarding the operation  
35 of the funds created by the provisions of this act and shall perform  
36 such other duties as are required in connection herewith.
- 37 j. **[The Attorney General shall be the legal adviser of the**  
38 **retirement system, except that if the Attorney General determines**  
39 **that a conflict of interest would affect the ability of the Attorney**  
40 **General to represent the board on a matter affecting the retirement**  
41 **system, the board may select and employ legal counsel to advise**  
42 **and represent the board on that matter.**
- 43 k. The Chief of the Bureau of Police and Fire Funds of the  
44 Division of Pensions of the State Department of the Treasury shall  
45 be the secretary of the board.
- 46 l. **]** The board of trustees shall keep a record of all of its  
47 proceedings which shall be open to public inspection. The

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

7 ~~【m.】~~ k. The ~~【State Treasurer】~~ New Jersey Public Employee  
8 Benefits Board shall designate a medical board ~~【after consultation~~  
9 ~~with the Director of the Division of Pensions, subject to veto by the~~  
10 ~~board of trustees for valid reason. It shall be composed of three~~  
11 ~~physicians】.~~ The medical board shall pass on all medical  
12 examinations required under the provisions of this act, and shall  
13 report in writing to the retirement system its conclusions and  
14 recommendations upon all matters referred to it.

15 ~~【n. (Deleted by amendment, P.L.1987, c.330).】~~  
16 (cf: P.L.1992, c.125, s.17)

17

18 73. Section 31 of P.L.1965, c.89 (C.53:5A-31) is amended to  
19 read as follows:

20 31. a. The ~~【board of trustees】~~ New Jersey Public Employee  
21 Benefits Board shall ~~【be and are hereby constituted trustees of all】~~  
22 ~~have authority and control over~~ the various funds established by this  
23 act except the group insurance premium fund~~【; provided, however,~~  
24 ~~that】~~ , ~~and shall have~~ all functions, powers, and duties relating to  
25 the investment or reinvestment of moneys of, and purchase, sale, or  
26 exchange of any investments or securities, of or for any fund  
27 established under this act, which shall be exercised and performed  
28 by the Director of the Division of Investment in accordance with the  
29 provisions of ~~【c. 270, P.L.1950, as amended and supplemented】~~  
30 P.L.1950, c.270 (C.52:18A-79 et seq.) and of  
31 P.L. , c. (C. )(pending before the Legislature as this bill)..

32 b. The ~~【secretary of the board】~~ New Jersey Public Employee  
33 Benefits Board shall determine from time to time the cash  
34 requirements of the various funds established by this act and the  
35 amount available for investment, all of which shall be certified to  
36 the Director of the Division of Investment.

37 c. ~~【A member of the board of trustees to be designated by a~~  
38 ~~majority vote thereof shall serve on the State Investment Council as~~  
39 ~~a representative of said board of trustees, for a term of 1 year and~~  
40 ~~until his successor is elected and qualified.~~

41 d. ~~】~~ The Treasurer of the State of New Jersey shall be the  
42 custodian of the several funds. All payments from said funds shall  
43 be made by him only upon vouchers signed by the secretary and the  
44 chairman of the ~~【board of trustees】~~ New Jersey Public Employee  
45 Benefits Board. ~~【A duly attested copy of the resolution of the~~  
46 ~~board of trustees designating the chairman and bearing on its face~~  
47 ~~specimen signatures of the chairman and the secretary shall be filed~~

1 with the treasurer as his authority for making payments upon such  
2 vouchers.

3 e.] d. The administration of the program shall be performed by  
4 the personnel of the [Division of Pensions of the State Department  
5 of the Treasury] New Jersey Public Employee Benefits Board and  
6 the costs of administration shall be borne by the State in  
7 accordance with the provisions of P.L. , c. (C. )(pending  
8 before the Legislature as this bill).  
9 (cf: P.L.1971, c.181, s.21)

10

11 74. Section 19 of P.L.1992, c.125 (C.43:4B-1) is repealed.

12

13 75. This act shall take effect immediately but shall remain  
14 inoperative until the 90th day following enactment.

15

16

17

#### STATEMENT

18

19 This bill establishes the New Jersey Public Employee Benefits  
20 Board, to be allocated in, but not of, the Department of the Treasury  
21 in the Executive Branch of State government. Notwithstanding this  
22 allocation, the board will be independent of any supervision or  
23 control by the department or by any officer or employee thereof.  
24 The board will have all the authority, functions, duties, and  
25 responsibilities as determined to be necessary and appropriate to  
26 create, implement, administer, operate, or modify, or terminate  
27 when specifically permitted, the pension and health care benefit  
28 systems, funds, plans administered by the State, or programs, and  
29 the policies, procedures, and regulations thereof, provided to public  
30 employees, and their dependents, beneficiaries, and survivors, of  
31 the State and of the political subdivisions of the State, in  
32 accordance with this bill, and in accordance with various statutes  
33 providing for and regulating such pension and health care benefits.

34 The board will be composed of 16 members as follows:

35 (1) the State Treasurer, ex officio, or a designee;

36 (2) the Chairperson of the Civil Service Commission, ex officio;  
37 or a designee;

38 (3) the Director of the Administrative Office of the Courts, ex  
39 officio, or a designee;

40 (4) two persons serving in an elective public office as a mayor,  
41 appointed by the Governor;

42 (5) two persons serving in an elective public office as a member  
43 of a board of chosen freeholders, appointed by the Governor;

44 (6) a public employees' representative serving as an officer of  
45 the Communication Workers' of America, appointed by the  
46 Governor;

47 (7) a public employees' representative serving as an officer of  
48 the New Jersey Education Association, appointed by the Governor;

1 (8) a public employees' representative serving as an officer of  
2 the American Federation of State, County, and Municipal  
3 Employees, appointed by the Governor;

4 (9) a public employees' representative serving as an officer of  
5 the Policemen's Benevolent Association, appointed by the  
6 Governor;

7 (10) a public employees' representative serving as an officer of  
8 the Fraternal Order of Police, appointed by the Governor;

9 (11) a public employees' representative serving as an officer of  
10 the International Federation of Professional and Technical  
11 Engineers, appointed by the Governor;

12 (12) a public employees' representative serving as an officer of  
13 the State Troopers Fraternal Association, appointed by the  
14 Governor;

15 (13) one member of the public appointed by the Governor from  
16 among persons recommended by the Speaker of the General  
17 Assembly, who shall not be a holder of an elective public office or  
18 an active or retired public officer or employee; and

19 (14) one member of the public appointed by the Governor from  
20 among persons recommended by the President of the Senate, who  
21 shall not be a holder of an elective public office or an active or  
22 retired public officer or employee.

23 All the appointments made by the Governor under (4) through  
24 (12) will be made with the advice and consent of the Senate.

25 Four of the members of the board will also serve on the State  
26 Investment Council in place of the current members who are elected  
27 by the Board of Trustees of the Public Employees' Retirement  
28 System, the Board of Trustees of the State Police Retirement  
29 System, the Board of Trustees of the Teachers' Pension and Annuity  
30 Fund, and the Board of Trustees of the Police and Firemen's  
31 Retirement System of New Jersey. If the New Jersey Public  
32 Employee Benefits Board elects to make the investments of the  
33 pension funds with board employees, instead of through the  
34 Division of Investment, these four members of the State Investment  
35 Council will be appointed by the Governor.

36 The board will have all the authority, functions, duties, and  
37 responsibilities as shall be necessary and appropriate to administer  
38 the State-administered retirement systems in accordance with the  
39 provisions of this bill and in accordance with various statutes  
40 providing for and regulating such systems and the policies,  
41 procedures, and regulations of those systems.

42 As used in this bill, "State-administered retirement systems"  
43 means, unless a different meaning clearly appears from the context:

- 44 the Teachers' Pension and Annuity Fund;
- 45 the Public Employees' Retirement System;
- 46 the Police and Firemen's Retirement System;
- 47 the State Police Retirement System;
- 48 the Judicial Retirement System;

1 the Prison Officers' Pension Fund;  
2 the Consolidated Police and Firemen's Pension Fund;  
3 the Alternate Benefit Program;  
4 the Defined Contribution Retirement Program; and  
5 such other system or program as the Division of Pensions and  
6 Benefits in the Department of the Treasury may be administering on  
7 the effective date of this bill.

8 The boards of trustees or commissions established by law for the  
9 State-administered retirement systems will continue to operate with  
10 a change in membership, under the authority and control of the  
11 board, except that the State House Commission will no longer  
12 oversee the Judicial Retirement System.

13 The authority, functions, duties, and responsibilities of the new  
14 board will not include the purchase of life insurance for the  
15 provision of a death benefit for a member of a State-administered  
16 retirement system when a statute specifically provides for that  
17 function, duty, or responsibility to be performed by the State  
18 Treasurer, unless the new board elects to undertake this function.

19 The new board will have all the authority, functions, duties, and  
20 responsibilities as will be necessary and appropriate to administer  
21 the State Health Benefits Program and the School Employees'  
22 Health Benefits Program, in accordance with the provisions of this  
23 bill and in accordance with various statutes providing for and  
24 regulating the program and the policies, procedures, and regulations  
25 of the program.

26 The State Health Benefits Commission established by law for the  
27 administration of the State Health Benefits Program and the School  
28 Employees' Health Benefits Commission established by law to  
29 administer the School Employees' Health Benefits Program will  
30 continue to operate, with a change in membership, after the  
31 effective date of this bill under the authority and control of the  
32 board.

33 The new board will have all the authority, functions, duties, and  
34 responsibilities to administer the following programs in accordance  
35 with this act and in accordance with the various statutes providing  
36 for and regulating the programs and the policies, procedures, and  
37 regulations of the programs:

38 the Supplemental Annuity Collective Trust;  
39 the New Jersey State Employees Deferred Compensation Plan;  
40 the Additional Contributions Tax-Sheltered (ACTS) Program;  
41 the State Employees Tax Savings Program;  
42 the State Employees Commuter Tax Savings Program;  
43 the Volunteer Emergency-Worker's Survivors Pension; and  
44 such other program as the Division of Pensions and Benefits in  
45 the Department of the Treasury and the State Health Benefits  
46 Commission may be administering on the effective date of this bill.

47 The new board will select the actuaries for the pension systems,  
48 issue various reports, designate necessary medical boards, and

1 establish a finance committee. The new board will contract with  
2 consultants or other professionals as may be needed to perform its  
3 work. The State Treasurer will remain the custodian of the various  
4 funds and accounts, unless the new board elects to become the  
5 custodian. The Division of Pensions and Benefits in the  
6 Department of the Treasury will be transferred to the new board.

7 The new board is given the authority to create, implement,  
8 administer, operate, modify, and terminate several defined benefit  
9 retirement plans, not to exceed four in number, in addition to the  
10 existing State-administered retirement systems, in order to provide  
11 a range of benefits and cost options for pensions available to public  
12 employers and public employees. A public employer or public  
13 employee may elect, under certain circumstances and pursuant to a  
14 collective bargaining agreement or individual contract of  
15 employment, to participate in such new plans. The new plans must  
16 be consistent with (1) the requirements of federal law, the Internal  
17 Revenue Code, and the rulings of the Internal Revenue Service, (2)  
18 the policies inherent in State laws concerning pensions for public  
19 employees, and (3) the public interest. The board would reserve the  
20 authority under each such plan created to periodically adjust the  
21 contribution rate required of the public employer and public  
22 employee based on valuation reports prepared by the actuary of the  
23 plan.

24 For a plan created, the board will determine the rate of  
25 contribution by, or the manner in which the contribution is to be  
26 calculated for, the public employee and public employer; the types  
27 of retirements for which benefits are provided; the formula or  
28 means by which the benefits are to be calculated; and the benefit  
29 options that may be chosen. A board may, but need not, provide in  
30 the plan for a death benefit, for loans, or for the purchase of service  
31 credit. The board may exclude from the plan the application of the  
32 "Pension Adjustment Act," which provides for cost of living  
33 adjustment to retiree pensions. The board must follow generally the  
34 procedural and administrative provisions of the Public Employees'  
35 Retirement System for each plan created. Provisions of law that  
36 reference generally a pension or retirement system or fund will  
37 apply to a retirement plan created by the board, to ensure  
38 consistency in operation among the various pension or retirement  
39 funds, systems, or plans, unless modification or exclusion of that  
40 application is permitted by this act or by the nature of the retirement  
41 plan.

42 In addition, the board is required to administer the State Health  
43 Benefits Program in a manner that provides several health care  
44 benefit plans for public employers and public employees, in order to  
45 provide a range of benefits and cost options for health care  
46 available to public employers and public employees. The board  
47 must ensure that the program offers at all times a basic benefits  
48 health care plan that would provide adequate health care at a highly

1 competitive cost to the public employers and public employees  
2 electing to participate in the plan.

3 The new board is empowered to create, implement, administer,  
4 operate, modify, or terminate such additional retirement or health  
5 care benefit programs as the board determines to be necessary and  
6 appropriate and not inconsistent with this bill.

7 The bill gives the new board sole authority over the investment  
8 of the monies in the funds and accounts of the various defined  
9 benefit retirement systems and plans. The Director of the Division  
10 of Investment in the Department of the Treasury will be responsible  
11 in this regard for the administration of all activities and  
12 implementation of all decisions of the new board, consistent with  
13 applicable law and the policies, procedures, and regulations of the  
14 board, the division, and the State Investment Council. However,  
15 the new board may elect to have its own employees perform all  
16 investment functions. The new board must formulate and establish,  
17 and may from time to time amend, modify or repeal, such policies  
18 or guidelines as it may deem necessary and proper that will govern  
19 the methods, practices or procedures for investment, reinvestment,  
20 purchase, sale or exchange transactions to be followed by the  
21 Director of the Division of Investment or the board's employees.  
22 All actions and decisions of the Director of the Division of  
23 Investment or of the board's employees with regard to the funds and  
24 accounts of State-administered retirement systems and retirement  
25 plans created by the board must be authorized by the new board  
26 either by general guidelines or specific orders or by approval by the  
27 board or the finance committee of the board of a specific action or  
28 decision, as the board will determine and communicate to the  
29 director or the board's employees. The board must review and take  
30 into consideration the determinations of the State Investment  
31 Council when the Division of Investment is handling investment  
32 matters, and conform to those determinations generally or  
33 specifically when the board determines necessary and appropriate.

34 The bill repeals the provision of law that established the  
35 Retirement Systems Actuary Selection Committee, because the new  
36 board will be responsible for the selection of all actuaries.