

New Jersey. Department of Treasury. Division of Pensions.

PENSION FIELD MANUAL

NJ/KA8

T7/P3

copy 1



POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

- 127.1 ENROLLMENT, AGE AND PHYSICAL REQUIREMENTS -
The age maximum for membership and for appointment is defined in N. J. S. A. 43:16A-3 and N. J. S. A. 40:47-4 respectively. Moreover, a veteran has certain privileges with respect to the age maximum under terms of N. J. S. A. 38:23A and in those instances where this privilege is employed to qualify a candidate, his military discharge certificate should accompany the enrollment application.

The physical requirements of the retirement system are indicated on the reverse side of the enrollment application. The municipality's official physician or the department physician must complete these items of examination and offer his opinion as to the candidate's ability to perform his police and fire duties, and that he is in good health "sufficient to satisfy the Board of Trustees of the Police and Firemen's Retirement System." The Board of Trustees will arrange for any further testing by its medical examiners if there is any question arising from the report of the municipal physician.

- 127.2 THE ENROLLMENT APPLICATION - This form is completed in triplicate; all three copies are forwarded to the office of the retirement system. Part I of the application requests the name and address of the applicant, his date of birth and information regarding his possible beneficiaries. While no evidence supporting his date of birth is necessary at enrollment, it is assumed that the certifying agent has had the advantage of such evidence and that it has become part of the department's records. In identifying a wife as beneficiary, care should be taken to supply her full name rather than employing the given name of the husband.

The enrollment date is the first day of the month. The member can enroll as of his probationary appointment and this is recommended by the retirement system. However, he is required to enroll as of his permanent appointment date. Applications received in the interim between his probational and permanent appointments may indicate the first day of a month current to the filing of the application.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

The member should carefully determine the designation of beneficiaries. A primary designation should be made as well as a contingent designation in the event the primary beneficiary does not survive the member. designations can be changed at any time by the member by filing the appropriate change of designation of beneficiary form with the retirement system. The member may also indicate the manner in which he desires the death benefits to be paid, such as lump sum, a specific number of annual installments, or a life annuity. Instructions for the completion of the enrollment application are contained thereon.

NS K
77/829

STATE OF NEW JERSEY

Division of Pensions
P.O. Box 2058

137 East State Street
Trenton, New Jersey 08625

November 15, 1968

TO: State, County, Municipal, School District
and other Public Agencies

FROM: John A. McGarrity, Assistant Director
Division of Pensions

SUBJECT: FIELD MANUAL, TRANSMITTAL NO. (28)

The first transmittal of the Pension Field Manual was forwarded on June 1, 1959 and the enclosed twenty-eighth transmittal completes the effort begun so many years ago. In the future, the manual will be reissued in its entirety once a year, reflecting the changes of that year as those changes were brought to your attention during the year. The several replacement sections as well as new sections of the Manual are enclosed as indicated below:

- 4.1 ✓ INDEX; new section
- 9.1 - 9.9 ✓ ADMINISTRATION, INTERNAL PROCESSING; new section
- 19. - 19.92 ✓ LEAVES OF ABSENCE; new section
- 20. - 28.3 ✓ CLAIMS; replaces 20.1 - 27.3 ✓
- 29.1 - 29.7 ✓ LOANS; replaces 29.1 - 29.7 ✓
- 38.2 - 39. ✓ RETIREMENT; replaces 38.2 - 39. ✓
- 50. - 58.3 ✓ CONTRIBUTIONS ACCOUNTING; replaces 50. - 59.2 ✓
- 59. - 59.9 ✓ WORKMEN'S COMPENSATION; new section
- 88.1 - 88.3 ✓ BOOKKEEPING; new section
- 110. - 110.78 ✓ HEALTH BENEFITS; replaces 110. - 110.9 ✓
- 111. - 119.9 ✓ HEALTH BENEFITS; new section
- 120. - 121.5 ✓ OFFICE OF SECRETARIAL SERVICES; new section
- 122. - 124.9 ✓ EMPLOYER OBLIGATIONS; new section

All pages being replaced should be discarded.

JAMcG/ac
Encls.



STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

June 24, 1963

OK
7-15-63
JK

TO: State, County, Municipal, School District
and other Public Agencies

FROM: William J. Joseph, Director
Division of Pensions

SUBJECT: Field Manual, Transmittal No. 15

Enclosed is Supplement No. 9 of the Pension Field Manual which should be inserted in the back of the divider page of the Manual entitled "Supplement".

The topics which are covered in this Supplement concern the purchase of service credit in the Public Employees' Retirement System; changes in the Quarterly Report of Contributions; public employment in New Jersey after retirement and recent legislation regarding individuals who hold more than one position which requires them to be members of both the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System.

WJJ:br

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

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JAN 25 1963

January 1, 1963

Division of State Library

TO: State, County, Municipal, School District
and other Public Agencies

FROM: William J. Joseph, Director
Division of Pensions

SUBJECT: Field Manual, Transmittal No. 14.

Enclosed is Supplement No. 8 of the Pension Field Manual which should be inserted in back of the divider page of the Manual entitled "Supplement".

The topics which are covered in this Supplement concern the increase in Social Security taxes which were effective January 1, 1963; changes in the Quarterly Report of Contributions for the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System and the Police and Firemen's Retirement System effective with the report of contributions covering the first quarter of 1963; and a statement concerning Senate Bill #44 which permits certain members of the Public Employees' Retirement System, based on their date of birth, to retire by July 1, 1963 or July 1, 1964 as appropriate for their date of birth, in order to avoid integration with Social Security.

WJJ:br
Encl.

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STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

July 27, 1962

TO: State, County, Municipal, School District
and other Public Agencies

FROM: William J. Joseph, Director
Division of Pensions

SUBJECT: Field Manual, Transmittal No. 13

Enclosed with this letter is Supplement No. 7 of the Pension Field Manual which should be inserted in the back of the divider page of the Manual entitled "Supplement".

The topics which are covered in this Supplement concern reductions in the Social Security administrative fee; the Public Employees' Retirement System administrative expense charge against participating employers; pension and group life insurance coverage during a military leave of absence and a general statement regarding retired and active members of the Teachers' Fund who are covered by Senate Bill #16 which Governor Hughes signed on July 10, 1962.

WJJ:br
Encl.

March 15, 1962

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

TO : State, County, Municipal, School District and
other Public Agencies

FROM : William J. Joseph, Acting Director
Division of Pensions

SUBJECT: Field Manual, Transmittal No. 11

Enclosed with this letter is Supplement No. 5 of the Field Manual. This material should be inserted in the back of the divider page of the Manual entitled "Supplement". It explains the increase in the Social Security tax which becomes effective with the first pay period in January, 1962. It also explains a change in the taking of Social Security tax from members of the Teachers' Pension and Annuity Fund who transfer from one district to another in any calendar year. In the past each employing district had to deduct on the first \$4800 paid to the teacher in each district; the change in procedure permits consideration of all wages paid by all employers in the year so that there should be far less overpayment of tax as there has been previously.

The enclosed material also contains the eighth portion of the Field Manual.

Sections 15-16 which deals with the completion of the enrollment forms for members of the Teachers' Pension and Annuity Fund,

Sections 20-27 which deals with the work of the Claims Section in the processing of death benefits and withdrawal claims,

Sections 45-49 which describes the work of the Records Section of the Division.

ENCLS.

August 15, 1961

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

TO: State, County, Municipal, School District and other Public
Agencies

FROM: William J. Joseph, Acting Director

SUBJECT: Field Manual, Transmittal Letter No. 9

Enclosed with this letter is Supplement No. 4 of the Field Manual. This material should be inserted in the back of the divider page of the Manual entitled "Supplement". It explains the effect of the 1961 Social Security Amendments as they pertain to members of our integrated retirement programs. Also enclosed is an insured status table based on such Amendments which indicates the number of quarters of coverage required for eligibility for Federal Social Security benefits.

WJJ:yy

May 15, 1961

STATE OF NEW JERSEY
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Division of Pensions
EXport 2-4111

SEP 26 1961

137 East State Street
Trenton 25, New Jersey

TO: State, County, Municipal, ^{Division of State Library} School District and other Public Agencies
^{Archives and History}
Trenton, N. J.

FROM: William J. Joseph, Acting Director

SUBJECT: Field Manual, Transmittal Letter No. 8

Enclosed with this letter are several pages which replace the present pages in the Manual. The pages being replaced should be discarded.

The enclosed material contains the following revisions:

Section 92. 3(d) reflects the provisions of Chapter 108 and 109 of the laws of 1960 which changed the service connected death benefits payable before retirement for members of the Consolidated Police and Firemen's Pension Fund and the Police and Firemen's Retirement System.

Section 93. 2 reflects the provisions of Chapter 191 of the laws of 1960 which closed the Essex County Employees' Pension Fund to new members in that new employees after March 26, 1961 are to be enrolled in the Public Employees' Retirement System and covered by Social Security. This same act changed other provisions of the Essex County Employees' Pension Fund so that additional pages have been altered to reflect these changes. The \$5,000. salary limitation for service retirement benefits has been removed. The \$300. limitation in the case of death before retirement has also been removed while the employee can provide for the 75% return of his contributions to any designated beneficiary. Finally, the employee whose salary exceeds the former salary limitation of \$5,000. is required to increase his contributions from 5 to 6% while the employer has increased his contributions from 5 to 9% and is required to make up all deficits.

The enclosed material also contains the 6th portion of the Field Manual, Sections 10 through 14, which deals with the employees covered by the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System as well as the insurance coverage extended to members of these two systems. Also enclosed is Section 93. 41 which discusses the Pension Increase Act applicable to certain retired members of the Essex County Employees' Pension Fund.

WJJ: yy

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

TO : State, County, Municipal, School District and other
Public Agencies

FROM : William J. Joseph, Acting Director
Division of Pensions

SUBJECT: FIELD MANUAL, TRANSMITTAL LETTER NO. 7

Enclosed with this letter is the fifth portion of the Field Manual. This material contains a section of the Manual dealing with the work of the Enrollment and Claims Bureau in the processing of loans to members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System.

The section headed Loans is numbered 29.1 - 29.8.

We are also enclosing a statement concerning the availability of loans in these two retirement systems. We have never given too much publicity to the ability of members to borrow from the systems; however, in the last few months we have received many inquiries indicating that the membership generally is unaware of the provisions governing loans. We have, therefore, prepared this statement which could be duplicated and handed to every member of the retirement programs or posted on Bulletin boards at the member's place of employment.

Encls.

December 29, 1960

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

TO : State, County, Municipal, School District and other
Public Agencies

FROM : William J. Joseph, Acting Director

SUBJECT: Field Manual, Transmittal Letter No. 6

Enclosed with this letter is Supplement #3 of the Field Manual. This material should be inserted in the back of the divider page of the Manual titled "Supplement." It explains the change in the amount of the Social Security administrative fee which will be effective with the first quarter of 1961.

This material will be incorporated in the appropriate part of the Manual at a later date.

Encls.

May 15, 1961

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

TO: State, County, Municipal, School District and other Public Agencies

FROM: William J. Joseph, Acting Director

SUBJECT: Field Manual, Transmittal Letter No. 8

Enclosed with this letter are several pages which replace the present pages in the Manual. The pages being replaced should be discarded.

The enclosed material contains the following revisions:

Section 92. 3(d) reflects the provisions of Chapter 108 and 109 of the laws of 1960 which changed the service connected death benefits payable before retirement for members of the Consolidated Police and Firemen's Pension Fund and the Police and Firemen's Retirement System.

Section 93. 2 reflects the provisions of Chapter 191 of the laws of 1960 which closed the Essex County Employees' Pension Fund to new members in that new employees after March 26, 1961 are to be enrolled in the Public Employees' Retirement System and covered by Social Security. This same act changed other provisions of the Essex County Employees' Pension Fund so that additional pages have been altered to reflect these changes. The \$5,000. salary limitation for service retirement benefits has been removed. The \$300. limitation in the case of death before retirement has also been removed while the employee can provide for the 75% return of his contributions to any designated beneficiary. Finally, the employee whose salary exceeds the former salary limitation of \$5,000. is required to increase his contributions from 5 to 6% while the employer has increased his contributions from 5 to 9% and is required to make up all deficits.

The enclosed material also contains the 6th portion of the Field Manual, Sections 10 through 14, which deals with the employees covered by the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System as well as the insurance coverage extended to members of these two systems. Also enclosed is Section 93. 41 which discusses the Pension Increase Act applicable to certain retired members of the Essex County Employees' Pension Fund.

WJJ: yy

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

TO : Members of the Teachers' Pension and Annuity Fund
and the Public Employees' Retirement System

SUBJECT: LOANS

April 1, 1961

A little known but extremely important benefit provided by the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System to their members is the ability to borrow on the basis of their contributions to the systems.

Members having three (3) years of service credit for which they have contributed may borrow up to 50% of their total contributions. The interest rate is 4% per annum on the unpaid balance. The minimum loan is \$50 and it is to be repaid through regular payroll deductions, at least equal to the full contribution to the retirement system. No more than two loans may be made in any year. A member over age sixty (60) may not take a loan and all loans must be repaid by age sixty. This latter restriction is to prevent members from borrowing past the normal retirement age of sixty so that the annuity portion of the retirement allowance would not have to be reduced by the value of any outstanding loan at the time of retirement.

The maximum amount a person may pay towards the repayment of the loan is 25% of gross salary, and the maximum period of time over which a loan may be scheduled is ten (10) years.

Loan forms are available in the office of the Division of Pensions and can be secured by writing to the Chief of the Enrollment and Claims Bureau of the Division of Pensions in Trenton. Loan applications are processed within a week after receipt in this office.

9/15/60

September 15, 1960

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

TO : State, County, Municipal, School District and other
Public Agencies

FROM : William J. Joseph, Acting Director

SUBJECT: Field Manual, Transmittal Letter No. 5

Enclosed with this letter is Supplement #2 of the Field Manual prepared by the Division of Pensions. This material should be inserted in the back of the Manual titled "Supplement." It explains the effect of the 1960 Social Security Amendments as they pertain to members of our integrated retirement programs. Also enclosed is an Insured Status Table based on such Amendments which indicates the number of quarters of coverage required for eligibility for Federal Social Security benefits.

The enclosed material also contains the fourth portion of the Field Manual, sections 8.6 to 9.7, which deals with the office and duties of the Secretary and the Board of Trustees as well as the office and duties of the Director of the Division of Pensions.

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Encls.

September 15, 1960

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

TO : State, County, Municipal, School District and other
Public Agencies

FROM : William J. Joseph, Acting Director

SUBJECT: Field Manual, Transmittal Letter No. 4

Enclosed with this letter are several pages which replace the present pages in the Manual. The pages being replaced should be discarded.

The enclosed material contains the following revisions:

Section 52.3 reflects the provisions of Chapter 65, of the Laws of 1960 which eliminated the required contributory insurance contributions for members of the Teachers' Pension and Annuity Fund who wish to continue such coverage during approved leaves of absence for illness.

Section 52.5 has been altered so that when a member of the Teachers' Pension and Annuity Fund is on an approved leave of absence and receives a salary which is less than 50% of the contractual or base salary in effect at the time the leave began, may contribute on the basis of that former salary and receive pension credit for the remainder of that school year. If the leave extends into the next school year, pension credit cannot be purchased for this extended period.

The enclosed material also contains the third portion of the Field Manual, Sections 55 through 59, which deals with the monthly and quarterly reports filed by participating employers for members of the Public Employees' Retirement System.

Also enclosed is a pamphlet prepared by the Division of Pensions, analyzing the provisions of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund.

Encls.

June 1, 1960

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, New Jersey

TO : State, County, Municipal, School District and other
Public Agencies

FROM : William J. Joseph, Acting Director

SUBJECT: Field Manual, Transmittal Letter No. 3

Enclosed with this letter are several pages which replace the present pages in the Manual. The pages being replaced should be discarded.

The enclosed material contains the following revisions:

Section 62 reflects the increase in the Social Security taxes payable by all employees covered by the Federal program.

Section 90 notes the consequences of Chapter 101 and 102 of the Laws of 1959.

Section 92 indicates that membership in the Prison Officers' Pension Fund has been closed to new employees who are now to be enrolled in the Public Employees' Retirement System. This section has also been revised to note the increases in the service connected disability benefits payable to members of the Consolidated Police and Firemen's Pension Fund and the Police and Firemen's Retirement System. Another portion has been revised indicating that the full rate of contribution payable by members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System includes an amount equal to the Social Security contributions of $2\frac{1}{2}\%$ of \$4800 of base salary.

Sections 92.4 and 92.5 reflect the provisions of Chapter 143 of the Laws of 1958, the Pension Increase Act.

Section 93 has been modified to note the termination of the Board of Education Employees' Pension Fund of Hudson County. Other portions of Section 93 have been revised to correctly mark the location of other county contributory pension funds.

Section 98 has been supplemented to note new legislation which provides pensions to dependents of county and municipal police and firemen killed in the line of duty.

The enclosed material also contains the second portion of the Field Manual, sections 50 to 54, which deals with the monthly and quarterly reports filed by participating employers for members of the Teachers' Pension and Annuity Fund.

Encls.

September 20, 1959

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 East State Street
Trenton 25, N. J.

TO: State, County, Municipal, School District
and other Public Agencies

FROM: William J. Joseph, Assistant Director

SUBJECT: Field Manual, Transmittal Letter No. 2

Enclosed with this letter is Supplement No. 1 of the Field Manual prepared by the Division of Pensions. This material should be inserted in the back of the enclosed divider page of the manual titled "Supplement". It explains the separate calculations of the Social Security tax and the pension deduction in 1960 when the Social Security tax will be increased beyond the amount of the reduction presently allowed in the pension contribution. It also indicates the dates, times and places for meetings to be held in every county on this matter.

This material will be incorporated in the appropriate part of the manual at a later date.

Enclosure

June 3, 1959

STATE OF NEW JERSEY

Division of Pensions
EXport 2-4111

137 E. State Street
Trenton 25, New Jersey

To: Roger H. McDonough, Director

From: William J. Joseph, Assistant Director
Subject: Field Manual, Transmittal Letter No. 1

Enclosed with this letter is your complimentary copy of the first portion of the Field Manual prepared by the Division of Pensions. This manual is designed to supersede all material regarding the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund and the State Agency for Social Security which was previously forwarded in memorandum form. The explanation of the manual which prefaces the subject matter describes the purpose, content and organization of the material.

As indicated in the manual, instructions regarding new developments, changes in policies or procedures, and other matters concerning the two major integrated systems and the State Agency for Social Security, will be supplied to reporting agencies on a current basis as required to keep them informed. Some of this material will be issued for insertion in the "Supplement" part of the manual. Such material will later be prepared for insertion in the manual itself and such manual revisions will be sent to you.

Enclosed you should find the following sections of the manual as prepared for the first transmittal under date of October 30, 1958:

- 1.1 etc. - Introduction
- 1.5 - Check sheet
- 2.1 etc. - Officers of the Division
- 3.1 etc. - Glossary
- 5.1 etc. - Administration
- 60.1 etc. - Social Security
- 90.1 etc. - General legislation
- 92.1 etc. - State contributory systems
- 93.1 etc. - County contributory systems
- 93.5 etc. - Other County contributory systems
- 93.8 etc. - Municipal contributory systems
- 95.1 etc. - Non-contributory legislation

When you reconcile those sections of the manual which are enclosed against those which will comprise the manual as a whole, you will note that major portions are still to be forwarded. Currently the Division is at work in drafting the sections dealing with the enrollment and the quarterly reporting procedures. These sections should be available within the next three

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months. The remaining sections of the manual will be written in subsequent periods so that the entire manual should be available within the year. It may be that additional sections will be drafted dealing with the administration of the two Police and Firemen's retirement systems.

Any comment you may have regarding the manual, now or in the future, will be appreciated.

WJJ:wf

Encl.

Pension

Field Manual



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STATE OF NEW JERSEY,

DEPARTMENT OF TREASURY,

DIVISION OF PENSIONS,

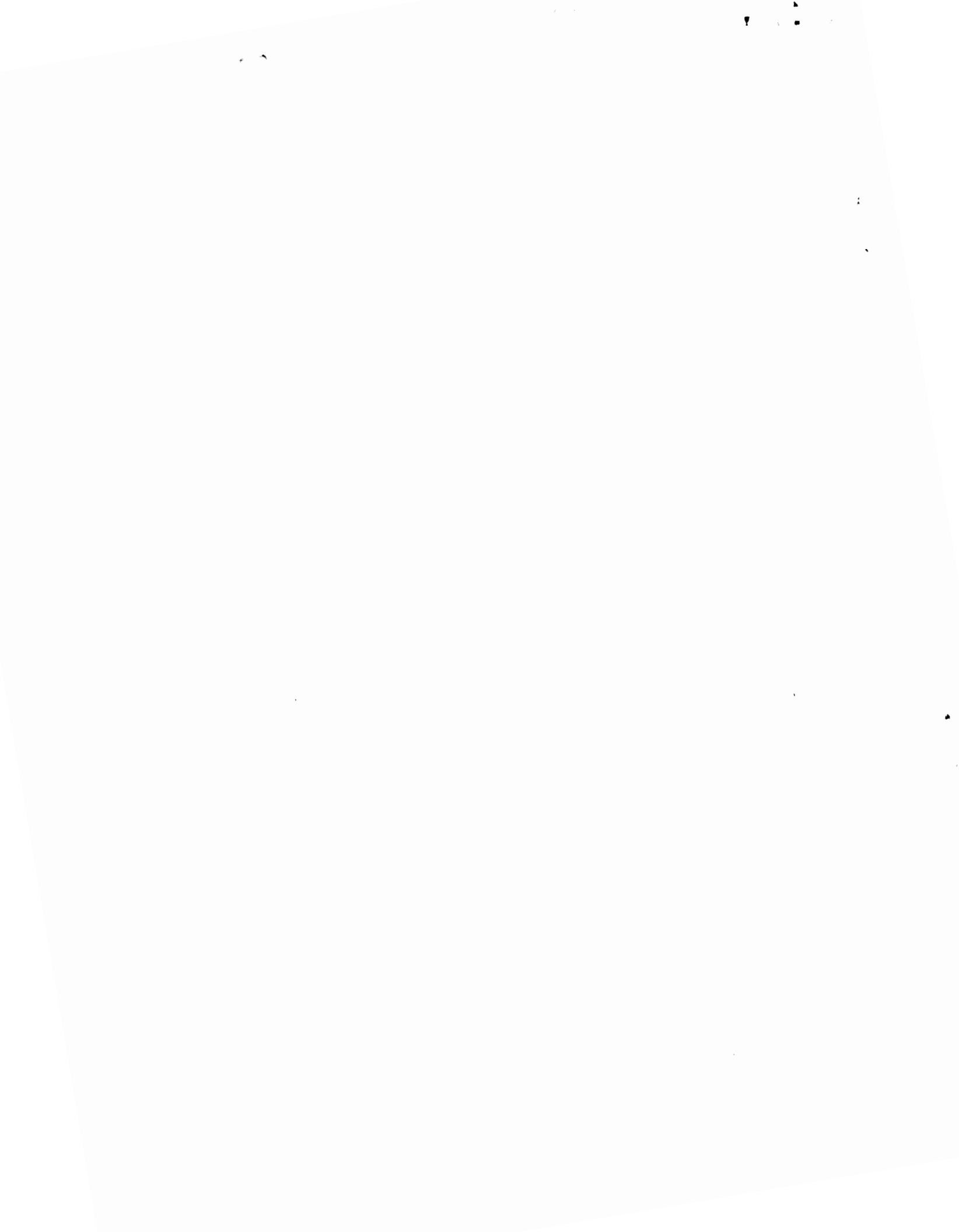
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Retirement



INTRODUCTION

- 1.1 **PURPOSE AND USE OF THE MANUAL**-this manual has been developed for the use of public employers administering the Public Employees' Retirement System, Teachers' Pension and Annuity Fund, and the Social Security programs. Every effort has been made to include all of the information and the materials necessary to provide a complete reference document on these subjects.

The provisions of the various laws and regulations are explained in some detail and information is given as to how these provisions apply to various situations.

Revisions and additions will be made to the manual from time to time as required in order to keep local administrators currently informed. Any questions or comments regarding the information appearing in the manual or suggestions for additional material should be sent to the Director of the Division of Pensions.

- 1.2 **ORGANIZATION OF THE MANUAL**-the material is organized as follows:

Introduction: 1.1, etc. -an explanation of the manual.

Check Sheet: 1.5-the sheet to be employed in noting the receipt of additions or revisions of the manual.

Officers, mailing addresses and telephone numbers: 2.1, etc. -reviews the names, mailing addresses and telephone numbers of the officers of the Division of Pensions.

Glossary of terms: 3.1, etc. -contains brief definitions of retirement terminology.

Administration: 5.1, etc. -outlines the structure and functions of the Division of Pensions.

Enrollments: 10.1, etc. -contains information about the work of the Enrollment section as it pertains to enrollment and transfer certifications.

Claims: 20.1, etc. -describes the work of the Claims section as it pertains to purchases of prior service, changes in class status and changes due to differences in birth date, etc.

Loans and withdrawals: 25.1, etc. -discusses the unique functions of the units which provide for the payment of loans, and the benefits in the case of withdrawing members.

Deaths: 30.1, etc. -explains the work of the unit which provides for the payment of insurance and other benefits to the beneficiaries of deceased members.

INTRODUCTION

Retirements: 35.1, etc. -contains information about the work of the Retirement section as it pertains to retirement estimates and actual retirement quotations and procedures.

Records: 40.1, etc. -describes the work of the Records section as it pertains to the designation of beneficiary changes, name changes, and similar problem areas.

Contributions and Audit: 50.1, etc. -discusses in much detail the quarterly reports of contributions and the transmittal and adjustment forms.

Social Security: 60.1, etc. -an explanation of the Federal-State program, the work of the State Agency for Social Security and the reporting procedure.

Bookkeeping: 65.1, etc. -outlines the work of the Bookkeeping section with particular reference to the appropriations to be paid by participating employers.

Tabulating: 70.1, etc. -explains the operation of the Tabulating section as it produces the statistical and analytical data employed by the Division.

Office of the Director: 80.1, etc. -discusses the services rendered by the Director of the Division and his administrative unit.

Office of the Secretary and Board of Trustees: 85.1, etc. -describes the services rendered by the secretaries of the respective retirement systems and the functions of the boards of trustees.

General pension legislation: 90.1, etc. -outlines the provisions of acts which have general applicability in pension matters.

Contributory pension legislation: 92.1, etc. -discusses the provisions of acts governing contributory pension funds.

Non-contributory pension legislation: 95.1, etc. -explains the provisions of acts providing free pensions.

Index

Supplement

INTRODUCTION

- 1.3 MAINTENANCE OF THE MANUAL-revisions and additions to the manual will be issued in loose leaf form as additional and replacement pages. Most revisions will be issued initially for insertion in "supplement." "Supplement" will be used after the issuance of the manual as required to keep local administrators informed of changes and new developments. This will permit the furnishing of information as promptly as possible. Where appropriate, the information will later be incorporated with the subject to which it pertains. A numbered transmittal will be sent with new materials explaining briefly the subject matter covered, the new or revised sections, and the obsoleted pages.
- 1.4 INSTRUCTIONS FOR CHECK SHEET OF MANUAL MATERIAL RECEIVED-the check sheet should be placed at the front of the manual immediately after the title page so as to provide a permanent record of manual revisions which will be issued under cover of numbered transmittal letters.

A notation will be shown at the bottom of each page of the manual to identify the material, to show the date the material was written, and the number of the transmittal letter by which the material was sent to manual holders. For example, all pages contained in the initial distribution of the printed manual will bear the notation "10-30-58, TL#1". The date is the date of completion of the material by the Division of Pensions, while TL#1 is the letter used to transmit the material.

After all the attachments to a transmittal letter have been filed in the manual the initials of the manual holder or a check mark should be entered on the check sheet opposite the number corresponding to that transmittal. If several transmittals of pages are to be filed, the manual holder should be sure to observe the numerical sequence of the transmittal letters in order to avoid discarding a more recent page in favor of an older one. The manual holder should retain the transmittal letters in numerical sequence. In this way the manual may be handed by the incumbent to a new administrator without requiring a completely new set of manual instructions to be forwarded by the Division.



INTRODUCTION

1.5 CHECK SHEET

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OFFICERS OF THE DIVISION

2.1 OFFICERS, MAILING ADDRESSES AND TELEPHONE NUMBERS OF THE DIVISION-given below is a list of the officers of the Division, containing their mailing addresses and telephone extension numbers. The telephone number of the Division is EXport 2-4111. The extension numbers are given in the parenthesis to the right of the individual's name and title.

2.2 ADMINISTRATION:

Michael J. Shortley, Director (2)

William J. Joseph, Assistant Director (5)

Joseph J. Haas, Assistant to the Director (Office Services, Personnel) (11)

Chauncey L. Barrett, Administrative Assistant (Legal Services, Federal-State Social Security Relations) (3)

The mailing address is Division of Pensions, P.O. Box 1213, Trenton.

2.3 SECRETARIES AND THEIR ASSISTANTS:

Teachers' Pension and Annuity Fund

John J. Allen, Secretary (7)

Burt E. Myrick, Assistant Secretary (9)

The mailing address is Teachers' Pension and Annuity Fund, P.O. Box 1780, Trenton.

Public Employees' Retirement System

George M. Borden, Secretary (13)

Gladys H. Cleary, Assistant Secretary (17)

The mailing address is Public Employees' Retirement System, P.O. Box 1266, Trenton.

Consolidated Police and Firemen's Pension Fund and the Police and Firemen's Retirement System

Elmer G. Baggaley, Secretary (15)

Christopher F. Carson, Assistant Secretary (16)

The mailing address is Consolidated Police and Firemen's Pension Fund or Police and Firemen's Retirement System, P.O. Box 1416, Trenton.

Prison Officers' Pension Fund

Christopher F. Carson, Secretary (16)

The mailing address is Prison Officers' Pension Fund, P.O. Box 1780, Trenton.

Central Pension Fund

Chauncey L. Barrett (3)

The mailing address is Division of Pensions, P.O. Box 1213, Trenton.

OFFICERS OF THE DIVISION

2.4 SECTION CHIEFS AND THEIR ASSISTANTS

Enrollment Section (Enrollments, Loans, Contributory Insurance Certificates, Public Employees' Retirement System Withdrawals and Purchases)

Doris G. Goulding (39)
Jean C. Matthews (40)
Mildred P. Pavlik (Enrollments and Transfers) (41)
Genevieve A. Kelty (Loans and Withdrawals) (43)

Claims Section (Death Claims, Teachers' Pension and Annuity Fund Purchases and Withdrawals)

Robert C. Belleville (37)
Edmond P. Mattei (Death Claims) (33)
Edwin S. Kozik (Purchases) (37)
Virginia A. Brooks (Withdrawals) (32)

Retirement Section

William W. Brooks (38)

Records Section

Louise P. Jackson (30)

Contributions and Audit Section

Ogden E. Glenn (47)
John E. Chopan (Quarterly Reports) (46)
Charles E. Wagner (State Bi-Weekly Reports) (48)
Richard B. Schlottenmeier (Social Security Reports) (49)
Dorothy S. Johnson (Receipts and Disbursements) (57)

Bookkeeping Section

Etta M. Baugher (61)

Tabulating Section

Carl W. Wagner (44)
Robert J. Gardiner (44)

Field and Counselling Services

John A. McGarrity (23)
James F. DeWan (18)
William R. Murphy (Group Life Insurance) (19)

Systems Analysis and Control

H. Norton Sullivan (10)
Dean H. Weidner (37)

The mailing address is Division of Pensions, P.O. Box 1213, Trenton.

GLOSSARY

3.1 GLOSSARY OF TERMS-some of the terms which appear throughout the manual are defined briefly below. Where pertinent, a more complete explanation is included in the text.

ACCRUED LIABILITY: The present monetary value, actuarially determined, of the estimated cost of pensions and benefits, payable to active and retired members. It covers service rendered prior to the date of an actuarial valuation and constitutes the difference between the values of future benefits and the value of prospective employee and employer contributions related to future service.

ACCUMULATED DEDUCTIONS: The total of the amounts deducted from the salaries of employees and standing to the credit of individual member accounts, together with interest increments thereon, if any.

ACTUARIAL ASSUMPTIONS: Estimates of future experience with respect to the rates of mortality, disability, turnover, ages at retirement, rate of investment income and salary trends. Such estimates are generally determined from past experience, modified for possible changes in conditions which may affect the future experience.

ACTUARIAL EQUIVALENT: A value or amount equal to another specified value or amount, computed on the basis of actuarial tables and rate of interest prescribed for the retirement system.

ACTUARIAL RESERVE DEFICIENCY: The excess of the accrued monetary liabilities under a retirement plan, at date of valuation, over the amount of available assets on hand to meet such liabilities, or the excess of total liabilities, both accrued and prospective, over the present and prospective assets.

ACTUARIAL-RESERVE PLAN: A method of financing a pension or retirement plan wherein reserves are accumulated as the liabilities for benefit payments are incurred in order that sufficient funds will be available on the date of retirement of each member to pay his future benefits during the period of his retirement.

ACTUARIAL TABLE: A tabular listing of assumed rates of decrement such as death, disability, retirement and withdrawal from service, according to age and sex. It may consist of mathematical functions derived from the rates of probability, combined with an interest discount factor.

ACTUARIAL VALUATION: A mathematical determination of the financial condition of a retirement plan. It includes the computation of the present monetary value of benefits payable to present members, and the present monetary value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal from service, salary and interest.

GLOSSARY

ACTUARIALLY SOUND: The favorable financial condition which results when the amounts of contributions to the retirement system are sufficient to meet currently accruing liabilities for active members and to maintain the liabilities for prior years at a stable level or in a decreasing amount according to a formal progressive plan.

ACTUARY: A professional expert in pension and life insurance matters, particularly trained in mathematical, statistical and accounting methods and procedures, and in insurance probabilities.

ADVERSE SELECTION: The tendency of individuals who are poor health risks to seek insurance, or continue insurance, or to select options which are favorable to them and to the disadvantage of the retirement system.

ANNUITY: A series of periodic payments for a fixed future period or for life, payable monthly, semi-annually, annually or at other specified intervals. It is frequently used to describe a part of the retirement allowance derived from the accumulated contributions made by the member, as distinguished from that part of the retirement allowance financed by employer's contributions which is called a "pension."

ANNUITY CERTAIN: An annuity payable for a specified period of time, regardless of the time of death of the annuitant.

AVERAGE FINAL SALARY: The average rate of salary for a specific period of time generally preceding retirement, usually 3, 5, or 10 years.

AVERAGE MONTHLY WAGE: This forms the basis of computing the Social Security primary insurance amount. It constitutes the quotient obtained by dividing the total of wages earned after December 31, 1950, or after the last day of the year in which age 21 is attained, by the number of months elapsing between that date and the first day of the year in which the worker retired or died. If a worker continues in employment after age 65, and does not apply for benefits, he need not count any of his earnings after the first day of the year in which he became 65 and was fully insured.

In computing the average monthly wage, a worker may drop as many as five years of his lowest earnings, or years when he had no earnings.

BASE SALARY: The basic rate of salary or wages upon which pension or retirement benefits will be computed or upon which employer contributions and salary deductions will be based, exclusive of employee overtime earnings or special salary or wages paid.

BENEFICIARY: A person formally designated by a member or annuitant to receive a benefit or payment upon death of the member or annuitant, or a person in receipt of benefit payments.

GLOSSARY

- BENEFIT FORMULA:** A formula for computing the amount of annuity, pension or other benefit payable under a retirement plan, usually based upon salary, or wages, length of service and age.
- COMPULSORY RETIREMENT:** A requirement for automatic retirement usually in terms of attained age.
- CONTIGENT BENEFICIARY:** A beneficiary who is to receive benefits only after the death of a primary beneficiary.
- CREDITABLE SERVICE:** All service rendered by a member which is used in computing the amount of the benefits under the retirement plan.
- CURRENTLY INSURED:** This term refers principally to the qualifications for survivors benefits under the Federal Social Security Act. This status is attained when a worker has completed at least six quarters of coverage during a thirteen-quarter period ending with the quarter in which the worker died, or the quarter in which such worker became entitled to primary insurance benefits. Simply stated, a person becomes currently insured after the person has worked a year and one-half in a three-year period.
- EARLY RETIREMENT:** Retirement at an earlier age than the specified normal retirement age.
- EQUIVALENT ACTUARIAL VALUE:** This term refers to a monetary value or benefit of equal worth to another specified monetary value or benefit, when computed in accordance with the mortality and interest tables in use by a retirement system.
- FEDERAL INSURANCE CONTRIBUTIONS ACT:** The initials FICA stand for Federal Insurance Contributions Act (Chapter 9, Sub-chapter A, of the Internal Revenue Code). This is the Statute which imposes the Social Security taxes on employers and employees throughout the country for the purpose of providing funds from which to pay the Social Security Old Age and Survivors' Insurance benefits.
- FEDERAL OLD-AGE BENEFIT:** The "primary insurance" benefit to which a "fully insured" individual is entitled upon retirement at age 65 or more for men or at age 62 or more for women under the Federal Social Security Act.
- FEDERAL STATE-AGREEMENT:** An arrangement between the Social Security Administration of the Federal Government and a State, to effectuate social security coverage for public employees in accordance with the State social security enabling law. Such an agreement must be executed before social security coverage for any group of public employees of a political subdivision may be provided.

GLOSSARY

- FULLY INSURED:** This term refers to the qualification for benefits under the Old Age and Survivors' Insurance provisions of the Social Security Act. A "fully insured" person is one who at, or after the attainment of, retirement age (65 for men and 62 for women) or death, if earlier, fulfills any one of the following three alternative requirements: (a) has 40 quarters of coverage; (b) has at least 6 quarters of coverage and at least 1 quarter of coverage (acquired at any time after 1936) for every 2 quarters elapsing after 1950 (or age 21, if later) and before age 65 for men or age 62 for women (or death, if earlier); (c) has quarters of coverage after 1954 at least equal to the number of quarters elapsing after 1955 up to (but not including) the quarter in which he attains retirement age (65 for men and 62 for women) or dies, if earlier, and has at least 6 such quarters of coverage.
- FUNDING:** A method of financing which provides for the accumulation, by periodic contributions during a member's working years, of a reserve sufficient to meet annuity payments during the remainder of a member's lifetime after retirement.
- INELIGIBLES:** This term is used to refer to those individuals in positions covered by a retirement system, who, for some personal reason such as age or length of service, are excluded from membership in the retirement system.
- INTEGRATION:** A method of determining pensions in such a manner that the benefits related to compensation on which Federal Social Security benefits are based are at a lower rate in order to offset, in part or in whole, the benefits payable under Social Security. The total benefits under the retirement system and Social Security are thus made to approximate a similar percentage of compensation at all salary levels.
- LIABILITIES:** The computed obligations, actuarially determined, under a retirement plan.
- LIFE ANNUITY:** A payment due periodically and payable during the lifetime of an annuitant.
- MODIFICATION:** This denotes an amendment to the Federal-State Agreement relative to social security coverage for public employees, which agreement was entered into between the State and the Social Security Administration pursuant to authority granted under the State social security enabling law. Whenever an additional governmental unit adopts social security for its employees, a modification in the Federal-State Agreement must be made to effectuate coverage for these employees. Such modification is proposed by the State Agency administering the Social Security enabling law and must be approved by the Social Security Administration.
- NORMAL CONTRIBUTION:** The periodic contribution required to be paid into a retirement system, from date of entry into service or membership to the date of retirement, in order to fully fund the prescribed retirement benefit. The normal contribution can be based upon the date of entry into service or the date of entry into membership depending on the method of funding adopted.

GLOSSARY

OFFSET: A reduction in the amount of retirement allowance by the amount of Social Security benefits.

OLD AGE AND SURVIVORS INSURANCE: This refers to a program of retirement benefits and survivors benefits under Title II of the Federal Social Security Act. The abbreviation for this term is O. A. S. I.

OPTIONS: A privilege extended to a participant in a retirement plan to elect a reduced retirement annuity with the payment of an annuity to a designated beneficiary or beneficiaries from the remainder of his equity, or to receive a certain benefit in lieu of another, as may be provided by the retirement plan.

PENSION: A series of payments during the lifetime of a pensioner, made monthly, semi-annually, annually, or at other specified intervals. The term is frequently used to denote that part of the retirement allowance which is financed by the employer's contributions.

PRESENT VALUE: The amount of funds presently required to provide a benefit at some future date.

PRIMARY INSURANCE AMOUNT: The old age or retirement benefit payable under the Old-Age and Survivors Insurance provisions of the Federal Social Security Act to a worker upon retirement having a "fully insured" status, at age 65 or more for men or at age 62 or more for women. The wife's insurance benefits, child's benefit, all survivors benefits and the lump sum death benefit are proportionate to the primary insurance amount.

PRIOR SERVICE: The period of creditable service rendered by a member prior to the effective date of the retirement plan.

PRIOR SERVICE LIABILITY: The present value on the date of a valuation, actuarially computed, of the benefits which are payable on account of service rendered before the effective date of a retirement plan.

QUARTER OF COVERAGE: This term pertains to O. A. S. I. Federal social security and means a calendar quarter, that is, the three-month periods beginning January 1, April 1, July 1, or October 1, in which an individual has earned salary or wages of at least \$50.00. Insured status under federal social security depends on length of service, measured by quarters of coverage.

REFERENDUM: The submission of a plan of coverage under social security to members of a public employees' retirement system for their approval or rejection. A majority of the members of a retirement system must approve a plan if coverage is to be effective. Pensioners are not eligible to participate in such referendum.

REFUND OF CONTRIBUTIONS: A refund of contributions payable to a member upon separation from service, or to his beneficiary upon his death.

GLOSSARY

RETIRANT: A retired member who is receiving a pension or retirement allowance.

RETIREMENT ALLOWANCE: A payment due periodically during the lifetime of a person who has retired from service, or for a fixed period of years.

SERVICE RETIREMENT: The termination of employment after completion of a specified minimum period of service, or attainment of a specified age.

TOTAL DISABILITY (or TOTAL AND PERMANENT DISABILITY): Disability as result of injury or disease which will prevent a person from performing any duties of any occupation for an indefinite period of time. A physical or mental condition which presumably permanently incapacitates the member for further employment.

VESTING: This may be either "functional vesting" or "legal vesting." Functional vesting refers to a provision in a retirement plan whereby rights of the members in the prescribed retirement benefit become effective after a specified period of service notwithstanding that separation from service occurred prior to the prescribed age for retirement. These rights become available to the members in the form of a deferred annuity payable upon attainment of the specified age of retirement. Legal vesting constitutes an undeniable guaranteed legal right to the earned and accrued pension expectancies of a member provided from both member and employer contributions under a retirement system.

WITHDRAWAL: Severance of employment prior to the date of attaining eligibility for benefits, or the termination of membership and withdrawal of contribution credits from the retirement system.

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ADMINISTRATION

- 5.1 **ESTABLISHMENT OF THE DIVISION**-The Division of Pensions is the successor to the former Bureau of Public Employees' Pensions which was created in June, 1952. To this Bureau were assigned certain clerical functions of the various State administered pensions funds and retirement systems. Prior to this date, these retirement systems had been administered independently, having been located within one central area only since 1951.

Under the general reorganization acts of 1948, the pension funds were originally located within the State Division of Budget and Accounting. Later they were transferred to the Division of Investment under the 1950 statute creating that Division. The Bureau of Public Employees' Pensions was, therefore, located within the Division of Investment.

In 1954, as a result of the enactment of Chapter 84, P.L. 1954, an expansion in staff was required in the State Employees' Retirement System. Separate offices were found for this agency which remained apart from the other pension fund staffs until September, 1956.

In July, 1955, the Division of Pensions was created by virtue of Chapter 70, P.L. 1955. To this Division were assigned certain personnel, clerical and bookkeeping functions of the various pension funds, except for investment records retained by the Division of Investment.

In September, 1956, there was a consolidation of the staff at the present quarters of the Division at 137 East State Street, Trenton. With this move it was possible to take the first steps in the reorganization of the staff along functional lines. This reorganization is reflected in the explanations contained herein.

It should be pointed out that certain functions have not yet been assigned to logical staff sections, primarily because priority was given to special refund and claims programs developing out of the enactment of the Teachers' Pension and Annuity Fund --Social Security Integration Act.

- 5.2 **SCOPE OF OPERATIONS**-The Division of Pensions administers the laws governing the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund, the Police and Firemen's Retirement System, the Consolidated Police and Firemen's Pension Fund, the Prison Officers' Pension Fund and the State Agency for Social Security, subject to the rules, regulations and decisions of the various board of trustees and commissions of these systems.

ADMINISTRATION

In 1956-57, the Division's receipts from employers and employees were over \$80,000,000.00, while payments to beneficiaries amounted to \$32,600,000.00 in addition to \$2,500,000.00 paid in lump sum death benefits. In this same period the State Agency for Social Security received and forwarded to the Federal Government the amount of \$19,682,000.00 in Social Security taxes received from the State and all local governmental units.

- 5.3 TEACHERS' PENSION AND ANNUITY FUND-The Teachers' Pension and Annuity Fund was completely reorganized under Chapter 37, P.L. 1955, and the revised system of benefits integrated with Social Security effective January 1, 1956. The liabilities established under the Free Veterans' Retirement Act are being amortized over a period of 30 years by the employing agencies. This Fund is maintained on an actuarial reserve basis.

The Fund is administered under the rules and regulations of the Board of Trustees, consisting of three member representatives, one member appointed by the Governor, the State Treasurer, and one member appointed by the other members of the Board.

- 5.4 PUBLIC EMPLOYEES' RETIREMENT SYSTEM-The Public Employees' Retirement System was established on January 2, 1955, after the repeal of the laws creating the former State Employees' Retirement System. The retirement benefits of this System are integrated with Social Security. The liabilities established under the Free Veterans' Act are being amortized over a period of 30 years by the employing agencies. This System is maintained on an actuarial reserve basis.

The Retirement System is administered under the rules and regulations of the Board of Trustees, consisting of six member representatives, two members appointed by the Governor and the State Treasurer.

- 5.5 CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND-The Consolidated Police and Firemen's Pension Fund was established by Chapter 358, P.L. 1952 to place 213 local Police and Firemen's pension funds on an actuarial basis. The members of this Fund consist of policemen and firemen appointed prior to July 1, 1944. The liabilities of these local funds are now being shared: two-thirds by the participating municipalities and one-third by the State. The Commission administering this Fund consists of two police representatives, two firemen representatives, four persons appointed by the Governor, and the State Treasurer.

ADMINISTRATION

- 5.6 POLICE AND FIREMEN'S RETIREMENT SYSTEM-The Police and Firemen's Retirement System was established by Chapter 255, P.L. 1944. All police and firemen appointed after June, 1944 in municipalities in which local police and firemen pension funds existed or in which this System was adopted by the voters, are required to become members of this System. The employer's obligations are paid by the local employers. The State pays the administrative expenses. This Fund is maintained on an actuarial reserve basis.

The Commission administering this Fund consists of two police representatives, two firemen representatives, four persons appointed by the Governor and the State Treasurer.

- 5.7 PRISON OFFICERS' PENSION FUND-The Prison Officers' Pension Fund was established under Chapter 220, P.L. 1941. This Fund is not maintained on an actuarial reserve basis.

The Fund is administered by a Commission consisting of three member representatives, a commissioner appointed by the other commissioners, and the State Treasurer.

- 5.8 CENTRAL PENSION FUND-The Central Pension Fund consists of the administration of a series of non-contributory pension acts. No reserves are established for the payment of these pensions. These benefits are administered by the Division of Pensions in accordance with the governing statute and the rules and regulations of the State House Commission, where applicable.

The benefits consist of: (1) Heath Act pensioners, in accordance with N.J.R.S. 43:5-1 to 5-4, consisting of persons employed by the State as of January, 1921; (2) Veterans Act pensioners, in accordance with N.J.R.S. 43:4-1 to 4-6; (3) Annuity for Widows of Governors, in accordance with N.J.R.S. 43:8-2; (4) Judicial pensioners, in accordance with N.J.R.S. 43:6-1 to 6-6.8 and (5) Special pensioners, in accordance with various laws of the State authorizing payments to designated individuals.

While not technically a part of the Central Pension Fund, the State Police Retirement and Benevolent Fund, N.J.R.S. 53:5-1 et. seq., is administered in conjunction with the other acts.

ADMINISTRATION

6.1 THE ENROLLMENT SECTION:

- a. Requests and reviews all enrollment applications filed by prospective members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund; submits unusual applications to the Secretary; certifies deductions to be taken by employers; establishes member's account and records after assigning the membership number.
- b. Requests and reviews applications for contributory insurance filed by prospective and present members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund; certifies additional deductions to be taken by employers; supplies the Tabulating section with the information needed for the billing; prepares the certificates.
- c. Reviews loan applications filed by members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund and submits terms for repayment; authorizes payment by the Disbursement unit.
- d. Reviews applications for withdrawal filed by members of the Public Employees' Retirement System and calculates refund; authorizes payment by the Disbursement unit.
- e. Screens eligibility for the purchase of prior service claimed by members of the Public Employees' Retirement System and submits terms for the purchase; certifies the additional deductions to be taken by the employer.
- f. Advises the Claims section of prior service claimed by members of the Teachers' Pension and Annuity Fund on the enrollment application.
- g. Requests and reviews transfer forms filed by employers for members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund; certifies deductions to be taken by the employer.
- h. Supplies the Tabulating section with the actuarial and billing information in the case of all transactions given above.

6.2 THE CLAIMS SECTION:

- a. Screens eligibility for the purchase of prior service by members of the Teachers' Pension and Annuity Fund and submits terms for the purchase; certifies the additional deductions to be taken by the employer.
- b. Reviews claims for Class B service credit filed by members of the Teachers' Pension and Annuity Fund and submits terms; certifies the additional deductions to be taken by the employer.

ADMINISTRATION

- c. Quotes the value of any additional annuity in the account of a member of the Teachers' Pension and Annuity Fund.
- d. Screens eligibility for a veteran refund claimed by members of the Teachers' Pension and Annuity Fund; authorizes payment by the Disbursement unit.
- e. Screens eligibility for a refund of contributions on non-contractual salary claimed by members of the Teachers' Pension and Annuity Fund; authorizes payment by the Disbursement unit.
- f. Requests and reviews death claims filed by beneficiaries of members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System; authorizes payment by the Disbursement unit and the insurance company.
- g. Reviews applications for withdrawal filed by members of the Teachers' Pension and Annuity Fund and calculates refund; authorizes payment by the Disbursement unit.
- h. Recertifies purchases of credit and/or Class B which require recalculation.
- i. Supplies the Tabulating section with the actuarial and billing information in the case of all transactions given above.

6.3 THE RETIREMENT SECTION:

- a. Reviews requests filed by members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund for retirement estimates and quotes benefits on the basis of the estimated date of retirement; forwards informational literature and retirement applications to the member.
- b. Reviews retirement applications filed by members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund and quotes the benefits to be paid under the various options; secures the approval of the Board of Trustees; authorizes payment by the Disbursement unit.
- c. Supplies the Tabulating section with the actuarial and payroll information in the case of all transactions given above.

6.4 THE RECORDS SECTION:

- a. Maintains the records of each active, inactive and retired member of the Public Employees' Retirement System and Teachers' Pension and Annuity

ADMINISTRATION

Fund in a separate folder in numerical order; enters pertinent information and correspondence as supplied by other sections; files material in a predetermined order; supplies all sections with the folder upon request and maintains control over those in and out of file.

- b. Maintains alphabetical cross-index file for Public Employees' Retirement System and Teachers' Pension and Annuity Fund members.

6.5 THE CONTRIBUTIONS AND AUDIT SECTION:

- a. Collects and deposits contributions forwarded by reporting entities or individuals for members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund; notifies other sections of the receipt of monies due; notifies the Bookkeeping section of the distribution of receipts to the appropriate ledger accounts.
- b. Prepares for machine audit the quarterly reports of contributions for members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund not paid through the State centralized tabulating unit; verifies the adjustments which are the result of the tabulating machine audit; forwards bills and refunds on the basis of such adjustments; authorizes refunds by the Disbursement unit.
- c. Audits the report prepared by the Tabulating section for the members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund who are State employees paid through the State centralized tabulating unit; verifies the adjustments which are the result of the tabulating machine audit; forwards bills and refunds on the basis of such adjustments; authorizes refunds by the Disbursement unit.
- d. Audits the reports filed by employers covered by Social Security and collects the taxes to be forwarded to the Federal Government; deposits the taxes so collected and maintains separate ledgers for the proper accounting of the Social Security receipts and disbursements.
- e. Prepares checks on the basis of authorizations received from the other sections for payment to members and beneficiaries of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund as well as to employers under both Systems; adjusts the pension payrolls for additions, deletions and corrections to be forwarded to the Tabulating section for the machine preparation of the checks payable to pensioners and beneficiaries of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund; supplies the Tabulating section and the Bookkeeping section with disbursement control figures.
- f. Supplies the Tabulating section with the actuarial and billing information in the case of all transactions given above.

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6.6 THE BOOKKEEPING SECTION:

- a. Reviews information from all sections regarding the cash receipts and disbursements and journalizes these in manual and machine ledgers by employer unit for members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund.
- b. Maintains ledger accounts and makes the necessary transfers between the accounts as prescribed by the other sections.
- c. Prepares balance statements for the Board and the Actuary of both Systems.
- d. Bills and collects the employer's payments as established by the Actuary.
- e. Establishes control figures for reconciliation with the Tabulating section.

6.7 THE TABULATING SECTION:

- a. Audits and analyzes the quarterly reports for members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund as forwarded by the Contributions and Audit section; prepares a list of discrepancies to be reconciled by that section.
- b. Audits and analyzes the payroll information furnished by the State centralized tabulating unit for members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund who are State employees paid by centralized tabulating; prepares a list of discrepancies to be reconciled by the Contributions and Audit section.
- c. Maintains control balances established on the information supplied by all other sections and which are to balance to the ledger entries maintained by the Bookkeeping section.
- d. Prepares checks on the basis of the pension payrolls for pensioners and beneficiaries of the Public Employees' Retirement System, Teachers' Pension and Annuity Fund, Prison Officers' Pension Fund, Police and Firemen's Retirement System, Consolidated Police and Firemen's Pension Fund and the Central Pension Fund; prepares the payroll register on the basis of these checks.
- e. Prepares the projected quarterly reports forwarded to the reporting agencies, indicating the deductions which should have been collected for each member of the Public Employees' Retirement System and Teachers'

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Pension and Annuity Fund during the quarter; must reflect all additions, deletions and corrections from previous quarter and information supplied from all other sections.

- f. Prepares cards and lists containing specific information concerning each active or retired member of the Public Employees' Retirement System, Teachers' Pension and Annuity Fund, Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund, to be forwarded to the Actuary; maintains this information from year to year reflecting all additions, deletions and corrections on the basis of information supplied from all other sections.
- g. Maintains individual ledger cards for members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund, reflecting the financial status of each account, which is posted quarterly.
- h. Prepares projected monthly reports forwarded to reporting agencies, indicating the deductions which should have been collected for each member of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund during the previous month; must reflect all additions, deletions and corrections from the previous month.

6.8 FIELD AND COUNSELLING SERVICES:

- a. Counsels prospective pensioners and beneficiaries of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund in the office and in the field, individually and in groups.
- b. Makes field contacts with reporting agencies concerning incorrect or delinquent quarterly reports for members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund as well as those covered by Social Security.
- c. Conducts meetings with employees and employers for informational purposes related to the Public Employees' Retirement System and Teachers' Pension and Annuity Fund.
- d. Prepares insurance bills for members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund who are age 70 or over.

6.9 SYSTEMS ANALYSIS AND CONTROL:

- a. Development of procedures simplification and development of a system of forms control.

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- b. Development of a system for the review and use of all forms; simplifying the present forms by consolidation, better arrangement, standardization, and elimination of those no longer required.
- c. Development of operating manuals of procedures covering all operating practices and maintaining them on a current basis.
- d. Assistance in developing new methods for more effective work by standardization of processes and mechanization of activities.
- e. Maintains adequate control in terms of control figures as to the information supplied to and from the Tabulating section as such information relates to the accounts of members of the Public Employees' Retirement System and Teachers' Pension and Annuity Fund; establishes and maintains the schedule of work in order to assure the continuity or flow of information to and from the Tabulating section.

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7.1 CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND ADMINISTRATION

- a. Administers the law governing the Consolidated Police and Firemen's Pension Fund, in accordance with the rules and regulations adopted by the Commission.
- b. Issues semi-annual statements to employers of payments due for both normal employer contributions and deficiency payments.
- c. Certifies annual State appropriation for deficiency; submits information to the Tabulating section for the preparation of monthly reports of salary deductions which are forwarded to employing agencies; receives reports of salary deductions from employing agencies; deposits receipts and makes proper entries in general and subsidiary ledgers.
- d. Processes applications for retirement and death benefits; maintains records concerning hospitalization and medical-surgical premium deductions from pension allowances; informs Tabulating section with regard to changes to the pension payroll register; prepares data for the Tabulating section to be submitted for actuarial valuation.

7.2 POLICE AND FIREMEN'S RETIREMENT SYSTEM ADMINISTRATION:

- a. Administers the law governing the Police and Firemen's Retirement System in accordance with rules and regulations adopted by the Board of Trustees.
- b. Maintains individual members' accounts; maintains individual file for each member and reflects changes in status and designation of beneficiary; processes enrollment applications and certifies payroll deductions for pension and insurance purposes to the employing agency and the Tabulating section.
- c. Processes all claims for withdrawal, death or retirement; maintains retirement register and submits information concerning pensioners to the Tabulating section for preparation of pension checks; provides for hospitalization and medical-surgical deductions from pension checks; maintains general ledgers and subsidiary ledgers; submits changes in monthly billings of payroll deductions to Tabulating section.
- d. Receives and deposits payroll deductions from participating employers, accompanied by monthly salary deduction report; audits salary deduction reports and deposits receipts; receives employer contributions and posts them to proper ledgers; supplies Tabulating section with information for the preparation of data for the annual actuarial valuation.

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7.3 PRISON OFFICERS' PENSION FUND ADMINISTRATION:

- a. Maintains individual records with regard to the members of the Prison Officers' Pension Fund; processes enrollment applications and certifies payroll deductions to State institutions and to the State centralized tabulating unit.
- b. Processes applications for withdrawal, retirement and death benefits.
- c. Receives and deposits payroll deductions forwarded by the State centralized tabulating unit and makes proper entry in general and subsidiary ledgers; processes payment of premiums for hospitalization and medical-surgical insurance through pension payroll deductions; informs Tabulating section of changes to pension payroll for the preparation of monthly pension checks.

7.4 CENTRAL PENSION FUND ADMINISTRATION:

- a. Upon approval of the application for a Veterans Act pension by the appointing authority, a certification for payment is received by the Central Pension Fund.
- b. Applications for Heath Act pensions are submitted by the Fund to the State House Commission for approval.
- c. Applications for a Judicial Pension Act pension are certified to the Fund for payment.
- d. Applications for pension under the State Police Retirement and Benevolent Fund are forwarded by the Division of State Police to the State House Commission for approval and upon approval, a certification for payment is received by the Central Pension Fund.
- e. Special disability pensions payable to certain veterans are approved by the Division of Veteran Services and are certified to the Fund for payment.
- f. Upon receipt of any approved application for payment, it is reviewed to verify that all statutory requirements are met.
- g. Three separate pension payrolls are prepared: Judicial pensions, State Police Retirement and Benevolent Fund pensions and all others.
- h. Prepares reports concerning hospitalization and medical-surgical insurance deductions, group life insurance for members of the State Police Fund and withholding taxes.

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- i. Answers all inquiries concerning the statutes providing pensions under the Central Pension Fund.

7.5 SOCIAL SECURITY AGENCY ADMINISTRATION:

- a. Negotiates with the Federal Social Security Administration for additional coverage.
- b. Prepares summary reports concerning the wage reports submitted by all public employers and submits such reports to the Federal Government.
- c. Furnishes information to public employers concerning the effect and operation of the Social Security program.
- d. Acts as a liaison agency between the Federal Government and the State and other public employers.

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- 8.1 ENROLLMENT-An application for membership in either fund is completed in triplicate by the employee and the employing agency and submitted to the Enrollment Section. The original copy of the enrollment application is retained by the Division. The second copy of the enrollment application is sent to the employer to advise him of the necessary payroll deductions to be made. The third copy of the application is sent to the employee as an informational copy.

The Enrollment Section determines eligibility for insurance, prepares members' certificates and informs the Tabulating Section of those members who have contributory insurance coverage. The contributory insurance is then handled in the same manner as pension contributions.

The original copy of the enrollment application is sent to the Tabulating Section for preparation of the following:

- a. Actuarial card (submitted annually to Actuary for valuation)
- b. Member's Balance card
- c. Billing card
- d. Member's Visible Ledger card

The application is then sent to the Records Section and a permanent file is established for the individual member.

- 8.2 REPORTING AND RECORDING-Pension contributions are remitted monthly by the employer on a monthly transmittal form indicating the total contributions for all members in that location or district.

Prior to the close of each calendar quarter the Tabulating Section prepares a quarterly report of contributions for each employer. This report is compiled on the basis of the billing cards and indicates the quarterly contributions which should be due from each member for normal pension contributions, loans, back deductions, prior service purchases, etc.

The employer adjusts the report to reflect current salary information and the payroll deductions made for the quarter. The report, a quarterly transmittal, and the balance of cash due for the quarter are sent to the Division.

All cash receipts, monthly and quarterly, are credited to a clearing account which is maintained by the Bookkeeping Section for each employer unit. Such receipts are deposited daily.

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The quarterly reports of contributions are initially received by the Contributions and Audit Section. This section reconciles the report with cash receipts and prepares the report for machine audit by the Tabulating Section.

The Tabulating Section performs a quarterly machine audit of each member's account on the basis of reported salary, rate and scheduled loans, purchases, etc. A list of overpayments and shortages is prepared by Tabulating and forwarded to the Contributions and Audit Section for analysis and for the preparation of refunds or bills.

Contributions for each member on the quarterly report are summarized by the employer unit. The total is then reconciled with the amount previously credited to the employer's clearing account by the Bookkeeping Section. This permits the proper crediting of member's contributions to 3 or 4% general ledger accounts. After reconciliation of cash, a contribution card for each member is used to credit the individual member's account and a new balance card is prepared. The visible posted members' ledger cards are maintained in a central file to which inquiries for specific information are directed by the various sections.

The quarterly report of contributions for the subsequent quarter is prepared on the basis of the contribution card, the new balance card and current changes processed by various sections of the Division concerning transfers, new loans, service purchases, etc.

The above procedure does not apply fully to members paid through the State centralized tabulating unit. Quarterly reports of contributions are not utilized. Instead, punch cards for each bi-weekly payroll period are forwarded by that unit to the Division's Tabulating Section. These cards are summarized and audited. Posting of accounts and adjustments follows the standard procedure.

- 8.3 LOANS-Members of the Teachers' Pension and Annuity Fund do not become eligible to borrow from the Fund until January 1, 1959. However, in the Public Employees' Retirement System, after 3 years membership, a member may borrow up to 50% of the balance in his account by filing an application with the Enrollment Section. The Enrollment Section processes the application, authorizes the loan and informs the employer and the Tabulating Section of the schedule of repayments.
- 8.4 PURCHASES OF PRIOR SERVICE CREDIT-For the Teachers' Pension and Annuity Fund, the Enrollment Section reviews all applications for purchase of prior

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service credit by a Fund member, and forwards such applications to the Claims Section for processing. At present, the processing of prior service purchases for the Public Employees' Retirement System is performed by the Enrollment Section. It is planned to merge this function in the Claims Section. Depending upon the provisions of the governing statute, this Section may approve the purchase by lump sum payment or by installment deductions. If the installment basis is employed, a payment schedule is established and the employer, the employee and the Tabulating Section are notified. If this purchase is to be made by a single direct payment, the Claims Section notifies the Tabulating Section of the necessary record change.

8.5 TERMINATION OF MEMBERSHIP:

- 8.51 WITHDRAWAL-In both systems an individual may withdraw his contributions upon termination of employment. For the Teachers' Pension & Annuity Fund, a withdrawal application is processed by the Claims Section. The amount of contributions with interest are verified by this Section and a check is authorized. The authorization is processed through the Bookkeeping and Tabulating Sections. The check is drawn by the Disbursement unit, but is signed and mailed by the State Cash Control Section. For the Public Employees' Retirement System, applications are reviewed by the Enrollment Section and follow the procedure indicated above. Again, it is planned to merge these functions in the Claims Section.
- 8.52 DEATHS-Upon the death of a member or pensioner of the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund, his designated beneficiary is entitled to the proceeds of his non-contributory insurance, and, if applicable, option reserve benefits, contributory insurance, or a refund of contributions with interest. Upon approval of the claim, payment is authorized and the Bookkeeping and Tabulating Sections are notified by the Claims Section.
- 8.53 RETIREMENTS-A member of either fund may request a retirement allowance estimate prior to his anticipated date of retirement. This information is supplied by the Retirement Section. The Retirement Section processes all retirement applications for the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System. The Section determines the retirement allowance to be paid in accordance with the provisions of law, including computation of the Social Security off-set when applicable. Also computed are the value of reserves payable under optional selections and amounts paid under joint and survivorship annuities. Upon retirement, the Retirement Section advises the Bookkeeping and Tabulating Sections of the bookkeeping entries necessary to transfer funds from the Annuity Savings Fund (contributions by members) and Contingent Reserve Fund (contributions by employers) to the Retirement Reserve Fund.

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The Retirement Section also notifies the Disbursement unit of all information necessary to enter the pensioner on the monthly pension payroll. If the pensioner wishes to retain hospitalization and medical-surgical insurance protection at group rates, deductions are made from his retirement allowance.

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- 8.6 OFFICE OF THE SECRETARY AND THE BOARD OF TRUSTEES-The board of trustees or pension commission is vested with the responsibility for the proper operation of the retirement system. Legislation cannot possibly make provisions for all of the complications which arise in the administration of a retirement program so that there is left with the board a certain amount of discretion in the solution of the problems of the system. Consequently, the duties of the board of trustees are partly ministerial and partly based on its quasi-judicial authority. On the ministerial side, the board adopts rules and regulations to provide for the payment of benefits and for the collection of contributions as required by the statute. On the judicial side, the board adjudicates the rights of the members.

The Board has several assistants who aid in its work such as the Secretary, the Actuary, the legal adviser offered by the Attorney General's office and the medical examiner.

8.7 DUTIES OF THE BOARD OF TRUSTEES-

(a) Establish rules and regulations governing the application of the statute on enrollments, memberships and retirements, consistent with and subject to the limitations contained in the statute and in accordance with the opinions of the Attorney General; such rules and regulations are primarily designed to prevent injustices and inequities which might otherwise arise in the operation of the program. These regulations are filed with the Secretary of State.

(b) Consider and approve or deny applications for all benefits.

(c) Rule on doubtful cases after all of the facts have been presented.

(d) Obtain the advice of the Attorney General's office when circumstances warrant.

(e) Grant hearings to individuals who disagree with decisions of the board.

(f) Render formal determinations after such hearings from which further appeal can be made to a court of appropriate jurisdiction.

(g) Prepare an annual report setting forth such data as assets and liabilities, income and disbursements, the Actuary's analysis of the financial condition of the system, current legislation and a statistical summarization of members, enrollments, withdrawals, retirements, etc.

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(h) File the annual report with the Governor and the Secretary of State.

(i) Maintain a record of all of its proceedings.

(j) Act on all investment transactions.

(k) Hold regular meetings and special meetings when deemed necessary; elect a chairman; determine what would constitute a quorum and the number of votes necessary for a decision on action by the board.

(l) Appoint committees composed of members of the Board to be responsible for particular areas such as finance, retirements, policy, etc.

8.8 THE SECRETARY - This officer, who is appointed by the Board, acts as its agent. His duties are as follows:

(a) Prepare agenda for monthly meetings for Board action.

(b) See that minutes are maintained and actions by the Board are recorded therein.

(c) Follow through with such action as the Board directs.

(d) Arrange for hearings and appeals.

(e) Answer questions from the members and employers regarding the interpretation of the law and the benefits of the System.

(f) Act as liaison between the Board, the Attorney General, the Actuary, the medical examiners and the public.

(g) Prepare comparative statements showing the growth of the System with respect to membership, retirements, assets and liabilities.

(h) Keep the Board informed of past actions parallel or similar to the cases under consideration.

(i) Consult with the Director of the Division of Pensions regarding questions under consideration by the Board.

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- 8.91 LEGAL ADVISER-The Attorney General is the legal adviser of all of the pension funds.
- 8.92 ACTUARIAL ADVISER-The Actuary serves as the technical adviser to the board, establishing the various rates and tables required for the operation of the system, determines the annual appropriation required of employers and conducts annual and other periodic examinations of the fund's financial position.
- 8.93 MEDICAL ADVISER-Examiners are selected to advise the board with respect to the claims for disability benefits; they also advise the board of the current disability status of members who have already been retired.

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9.1 OFFICE OF THE DIRECTOR-The Director is charged with the responsibility of overseeing the administrative operations of all of the pension funds administered by the State. As the Division of Pensions is one of several divisions in the State Treasury Department his immediate superiors are the State Treasurer and the Deputy State Treasurer. These state officers are also ex-officio members of most of the State pension commissions or boards of trustees.

The Director has several assistants who aid him in his work such as the Assistant Director, Supervising Field Representative, Principal Accountant and other assistants involved with personnel and legal services.

9.2 DUTIES OF THE OFFICE OF THE DIRECTOR-

- (a) Development of administrative policy.
- (b) Establishment of new systems and programs.
- (c) Collection of actuarial data, correspondence, statistical, financial and other reports.
- (d) Coordinating the office, clerical and accounting functions of the State-administered retirement systems.
- (e) Coordinating the operating activities of the several administrative bureaus.
- (f) Supervising the personnel transactions such as the reassignment of personnel for temporary peak loads, preparation of job descriptions, and as liaison on personnel matters between the Division, the State Treasurer's office and the Civil Service Department.
- (g) Development of general office procedures.
- (h) Making continuing studies of new office procedures, methods and machines in order to secure greatest efficiency and economy.
- (i) Preparation of the administrative and corpus budgets.

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- 9.1 ENROLLMENT - An application for membership in any of the pension systems administered by the Division consists of two sections. The first section is completed by the employee and contains such information as date of birth, military service, former membership in a State-administered retirement system, beneficiary designation, etc. The second section is completed by the employing agency and requests employment and payroll information. The completed application is sent to the Enrollment Section of the Enrollment and Claims Bureau.

The Enrollment Section examines the application and reviews for completeness of the information required. They determine the eligibility for membership in the retirement system, the eligibility for insurance coverage, assign a membership number to the application and forward the application to the Data Processing Section.

The applications are processed in control groups which record the membership numbers of the individual members as well as the number of applications in the group. When a group of enrollment applications is received in the Data Processing Section, the Key punch Unit is responsible for translating the information on the enrollment application into punched cards or magnetic tape so that this information can be interpreted by the computer. An enrollment creates the following records for each new member:

- a. An Actuarial Record - This record contains such information as date of birth, sex, date of employment, prior service credit--data which is required for an actuarial valuation.
- b. Member's Account Record - This record reflects the current balances in the member's account. This record is updated each quarter by the quarterly report of contributions.
- c. Projection/Contribution Record - When this record is considered a projection record, it is a billing notice to the employer which is not yet paid. When the record becomes a contribution record, it has been changed, if change is necessary, to reflect the member's actual salary and service credit for the period of the report, and now represents an actual payment or payments to be credited to the member's account. This is a combined record because the projection record usually becomes the contribution record without change.

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- d. Member's Visible Ledger Card - Each quarter when the system's magnetic tape records are updated, the net effect of the change is posted to the member's individual visible ledger card.

After the member's records have been established, the Data Processing Section, using these records, prepares the following:

- a. Machine Certification of Deductions - This form is prepared in three copies. The original and a copy is forwarded to the employer, so that one may be given to the member; the third copy is filed in the member's permanent file in the Division. The purpose of the form is to certify to the payroll clerk the deductions required of the member by the Retirement System.
- b. Insurance Certificate - The insurance certificate is the member's record of his participation in the insurance programs. It records the beneficiary designated by the member as well as the effective date of insurance and the type of coverage which is in effect.
- c. 3 X 5 Alpha Index Card - This card is used by the Records Section to reference the member's name and retirement system membership number.
- d. Data Sheet - This form is a record of the enrollment of the employee in the retirement system. It is kept in the member's permanent file and used to record information germane to the membership.

When the member's record has been established on magnetic tape and the forms required by his enrollment have been printed, the enrollment application is sent to the Records Section and becomes the basic document in the member's permanent file.

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The monthly transmittals and the quarterly transmittals are combined and the total amount credited to the employer who made these remittances. When the quarterly reports are entered on magnetic tape, the contributions of each member are added and the total for the members of an employer is then compared to the total of the two monthly transmittals and the quarterly transmittal. If the employer has done his work correctly, these figures agree and the Division can proceed to credit the payroll deductions to the members' accounts.

The quarterly reports of contributions are received by the Bureau of Contribution Accounting. This bureau reviews the report, validates the totals and prepares the report for audit and posting by the Data Processing Section.

The Data Processing Section performs an audit of each member's account on the basis of reported salary, pension rate, loan, arrears, back deduction, and contributory insurance payments, and payments to the supplemental annuity programs. Following this audit, lists are printed which show in detail the data reported on accounts in which the deductions reported do not agree with the pension deductions as calculated. These reports are forwarded to the Bureau of Contribution Accounting for analysis and audit as well as the preparation of authorizations refunding overpayments or shortage notices to collect underpayments.

The Data Processing Section, using the member's Projection/Contribution Record, applies the pension deductions reported for the member to the member's Account Record and updates the Account Record by increasing the member's service credit, adding to the member's account the pension deductions made in the quarter, and subtracting from the obligation balances any payments made to outstanding loans, arrears, or back deductions. Supplemental annuity payments are handled in a similar manner but are not maintained in the basic member's Account Record, and therefore, are not updated at the same time. The Projection/Contribution Record and any other transaction affecting the account are used in conjunction with the member's Account Record to provide the information on the member's Visible Ledger Card. The Visible Ledger Card is a permanent record of the changes and additions to the member's account and the balances in the account after the additions and changes have been made.

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- 9.2 TRANSFERS - The district employing a person who is currently a member of a retirement system in a position covered by that retirement system must complete and file a transfer form with the Division. The transfer form identifies the member, records the date of employment, salary, and method of payment (10 or 12 months). The form is sent to the Enrollment and Claims Bureau where it is reviewed to verify the employee's membership status and his eligibility to continue in the retirement system. The form is then sent to the Data Processing Section where a certification of payroll deduction is prepared reflecting the required contributions in the member's new employment. The Data Processing Section adjusts the member's contribution records to reflect his new employment and sends the transfer form to the Records Section to be filed in the member's permanent file.
- 9.3 REPORTING AND RECORDING - Pension contributions, which have been deducted from the member's salary, are remitted monthly to the Division. A transmittal form is used to identify the type of payment being made and the employer from which the payment is received.

On the 10th day of the last month of the calendar quarter the Division sends to each employer a quarterly report of contributions. This report shows the name and membership number of each retirement system member. The report also shows a projected salary, the calculation of the pension deduction, the loan, arrears, or back deduction payments that are due, the payment for contributory insurance, if applicable, and any deductions made for either of the supplemental annuity programs.

The employer adjusts the report to show the current salary information and the payroll deductions made during the quarter covered by the report. The report and a quarterly transmittal form, accompanied by the balance of the pension deductions made by the employer, are sent to the Division.

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The quarterly report of contributions for the subsequent quarter is prepared from the information in the member's Account Record, the Projection/Contribution Record and changes in the member's current position which affect future pension deductions. Current salary changes, new loan repayment schedules, changes in the percent of contribution to the Supplemental Annuity program, are representative of the types of changes which alter subsequent quarterly reports.

- 9.4 SUPPLEMENTAL ANNUITY COLLECTIVE TRUST - The Supplemental Annuity program provides the member with a voluntary program of saving and investing which will produce, upon retirement, a variable annuity to supplement his retirement allowance. A companion program provides a tax sheltered program. Both programs are fairly identical in operation, but only certain members can take advantage of the tax sheltered provision.

An enrollment application is completed by the member and his employer and forwarded to the office of the Chief Accountant of the Division, who administers the Supplemental Annuity program. If the member is applying for a tax sheltered program, an agreement between the member and his employer to establish the salary reduction must be made prior to application. The application is reviewed for completeness and eligibility and a certification of payroll deductions is prepared and forwarded to the member and his employer. The enrollment application is sent to the Data Processing Section where the information regarding salary deductions or, in the case of the tax sheltered program, salary reductions are recorded and made part of the member's record. Although payments to either program are made through the pension reports of contribution, a separate account is established in which a record of contributions is maintained. After the necessary records have been produced, the enrollment application is sent to the Records Section where the member's permanent file in the Supplemental Annuity system is maintained.

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- 9.5 ANNUAL STATEMENTS - Each year the Division of Pensions issues to each member a statement of his account in the retirement system. These statements show the member's total contributions, rate of contribution, any loan or arrears balance owed by the member, the current employer, and the system to which the member belongs.

Annual statements are issued to all members of the Supplemental Annuity system which show the member's contributions, annuity units purchased, current value of the account, whether or not the account is in the tax sheltered program, and the present value of the annuity units.

- 9.6 LOANS - A member of the Teachers' Pension and Annuity Fund, Public Employees' Retirement System, Police and Firemen's Retirement System, and the State Police Retirement System may borrow up to 50% of the balance in his account after the completion of three years of membership. The member completes a loan application which is forwarded to the Loan Section of the Enrollment and Claims Bureau. The Loan Section processes the application, reviews the information furnished by the member, determines the member's eligibility for a loan, and forwards the application to the Data Processing Section. The loan application is keypunched and then entered for processing to the member's account. Computer programs revalue existing loans and schedule the repayment of outstanding loans, write loan checks, prepare a loan register for control purposes and to provide the required bookkeeping entries, and establish the obligation in the member's account. After the processing is completed, the loan application and a copy of the Machine Certification of Deductions are forwarded to the Records Section where they are filed in the member's permanent file.

- 9.7 PURCHASES OF SERVICE CREDIT - Applications for the purchase of service credit are processed by the Purchase Section of the Bureau of Retirement and Purchases. This section determines what service the member may buy and notifies him of the cost of this purchase. Costs are quoted in two ways - lump sum payments or installment deductions over a period of time. If the member chooses to pay for the purchase by lump sum payment, the Purchase Section directs the Data Processing Section to include this service in the member's record. If the member elects to make the purchase by installment payments, a schedule is established and the Data Processing Section is notified of the amount of each payment and the total amount of obligation as well as the service the member is purchasing.

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- 9.8 TERMINATION OF MEMBERSHIP -
- 9.81 WITHDRAWAL - In the Teachers' Pension and Annuity Fund, Public Employees' Retirement System, Police and Firemen's Retirement System and the State Police Retirement System, an individual may withdraw his contributions upon the termination of his employment. The member completes an application for withdrawal which requires a certification by his employer. The withdrawal application is sent to the Claims Section of the Bureau of Enrollment and Claims where the withdrawal number is assigned and a calculation is made of the amount of money due the member. The forms are then sent to the Data Processing Section where checks are drawn and proof registers printed. After the checks are drawn and the proof registers have been approved, the withdrawal application is sent to the Records Section and placed in the member's file. Since the completed withdrawal application terminates the membership in the system, these files are microfilmed and retained for future audit and review by the Department of Banking and Insurance.
- 9.82 DEATHS - Upon the death of a member or pensioner of the several systems, his designated beneficiary is entitled to the proceeds of, where applicable, survivor benefits, option benefits, insurance, or a refund of contributions. Upon approval of the claim, payment is authorized and the Data Processing Section is notified by the Claims Section of the Enrollment and Claims Bureau.
- 9.83 RETIREMENTS - A member of any system may request a retirement estimate prior to his anticipated date of retirement. This information is supplied by the Bureau of Retirement and Purchases which processes all retirement applications for the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System. The Bureau determines the benefit to be paid on the basis of the applicable formula. Also computed are the value of reserves payable under optional selections involving joint and survivorship annuities. Upon retirement, the Bureau of Retirement and Purchases processes the retirement application and other required data to the Data Processing Section. The Data Processing Section calculates the reserves necessary to support the retirement allowance and supplies the necessary entries to the Bookkeeping Section. The Retirement Bureau

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also notifies the Disbursement Section of the Bureau of Contribution Accounting of all information necessary to enter the pensioner on the monthly pension payroll. If the pensioner wishes to retain health insurance protection at group rates, deductions will be made from his retirement allowance or pension.

- 9.9 PUBLIC AND SCHOOL EMPLOYEES HEALTH BENEFITS PROGRAM -
The State Health Benefits program provides the employee, of an employer who has elected to cover his employees, with basic and extended Blue Cross, Blue Shield protection and major medical insurance. It also extends to the employee the opportunity to cover his dependents for such insurance. The cost of the employee's protection is borne by the employer but the extension of coverage to the dependents of the employee represents a cost to the employee, unless the employer has agreed to pay all or part of the cost of the dependent coverage.

The employee completes an enrollment and authorization card on which he selects the type of coverage which he desires for himself and his dependents. This card is certified by the employer and sent to the Health Benefits Section of the Division of Pensions. The section reviews the card to insure that all of the information required is present and forwards the card to the Data Processing Section, where a record is established which provides the member with coverage and projects, in a report to his employer, the deductions required for the coverage selected by the member. The Data Processing Section also produces identification cards which evidence the member's enrollment in the Blue Cross, Blue Shield program and an insurance certificate under which coverage in the major medical program is provided.

Notice of the member's coverage is sent to the health insurance carriers. The enrollment and authorization card is returned to the Health Benefits Section where it is filed to provide a reference to the coverage selected and the date on which such coverage became effective.

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10. THE ENROLLMENT AND CLAIMS BUREAU - The enrollment and claims bureau has its functions divided between two sections - enrollment and claims. The work of the enrollment section is detailed below beginning with section 10.1. The work of the claims section is discussed beginning with section 20.1.
- 10.1 THE ENROLLMENT SECTION - The enrollment section is responsible for the processing of enrollment and transfer applications for members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System. Its most important duty is to determine coverage for those public employees who are eligible for membership in the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System.
- 10.2 COVERAGE OF THE TEACHERS' PENSION AND ANNUITY FUND - Members of this Fund can be found in every school district in the State as well as in the State Department of Education, the State colleges and the County Vocational Schools. Any employee coming within one of the titles listed below is required to become a member of the Fund as a condition of employment.
- a. Teacher or Member of the Professional Staff, Certificated by the State Board of Examiners:
- Regular Teacher
 - Special Teacher
 - Helping Teacher
 - Teacher-Clerk
 - State Commissioner
 - Principal
 - Vice-Principal
 - Supervisor
 - Supervising Principal
 - Assistant Commissioner of Education
 - Director
 - Superintendent
 - City Superintendent
 - Assistant City Superintendent
 - County Superintendent
 - School Administrator
 - Subject Supervisor

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Librarian
Music Teacher
Vocational Trade & Industrial Teacher
Coordinator
Coordinator for Distributive Education
Guidance and Placement Counselor
Vocational Supervisor
Guidance Director
Teacher-Counselor
School Nurse
School Psychologist
School Social Worker
Physical Therapist

(b) Janitor

Janitor
Assistant Janitor
Janitress
Engineer
Fireman
Janitor-Bus Driver
Custodian
Matron

- 10.3 ELIGIBLE COVERAGE OF THE TEACHERS' PENSION AND ANNUITY FUND - There are several categories of eligible memberships in the Fund. These are divided between those individuals who are compulsorily required to become members of the Fund and others where membership is optional.

Compulsorily covered are:

- (a) Every teacher veteran on the payroll January 1, 1956 who did not divest membership prior to January 31, 1956.
- (b) Every teacher or janitor under contract September 1, 1919 or after unless he divested in accordance with item (a) above.
- (c) Every part-time teacher or janitor appointed on or after January 1, 1956, earning \$500 or more per year.

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- (d) Every certificated school nurse appointed on or after January 1, 1956.
- (e) All teachers in service prior to September 1, 1919 which service was not continuous. Enrollment is compulsory as of the date of resuming service after the break in employment.
- (f) All memberships withdrawn or expired must re-enroll. If expired and not withdrawn, the member has the choice of transferring his equity to a new membership or withdrawing his contributions.
- (g) Retired members must re-enroll if under age 60 and if under a regular contract for a full school year.
- (h) The only State employees eligible are among those employed in the State Department of Education, the county superintendent's office, the School for the Deaf, and the State colleges.

Optional enrollments include:

- (i) All teachers in service prior to September 1, 1919 with continuous service.
- (j) All teachers with continuous service who signed contracts prior to April 10, 1919 but did not begin service until September 1, 1919.
- (k) All teachers and janitors age 40 or over at the beginning of their employment, with continuous service who began service between April 1, 1930 and May 1, 1931.
- (l) All teachers and janitors employed by Hoboken Industrial, Newark College of Engineering, and Trenton Junior College and School of Industrial Arts whose employment began prior to October 1, 1945. Enrollment was open and optional only between October 1, 1945 and October 1, 1946.
- (m) All part-time teachers and janitors appointed before January 1, 1956 earning \$500 or more per year.

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(n) All certificated school nurses appointed prior to January 1, 1956.

10.4 INELIGIBLE COVERAGE OF THE TEACHERS' PENSION AND ANNUITY FUND - Individuals who are not eligible for membership in the Fund include:

- (a) Temporary, seasonal or substitute teachers and janitors.
- (b) Teachers and janitors who had accepted employment after July 1, 1958 and attained age 60 prior to the date of employment.
- (c) Teachers and janitors whose title does not appear in section 10.2 above. Such applications should be accompanied by a statement covering the qualifications and duties of the position in order that a decision may be rendered as to the individual's eligibility.
- (d) Teachers and janitors receiving less than \$500 per year in any position.
- (e) Non-certificated school nurses.
- (f) Retired members resuming service after the beginning of a school year will not be eligible for enrollment during that school year.
- (g) Non-veteran Industrial School teachers and janitors employed continuously before October 1, 1946, who did not elect to enroll between October 1, 1945 and October 1, 1946.
- (h) Teachers employed by the State who are under the jurisdiction of the State Department of Institutions and Agencies.

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- 11.1 COVERAGE OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM - There are basically three groups of public employees who are eligible for membership in the Public Employees' Retirement System. The first are all State employees including State employees who are on county payrolls but whose positions have been legally defined as those of State employees. Secondly, there are employees who have been permitted to enroll in the State System as a result of a referendum in the county or municipality, or by resolution of the governing body of a public agency, where this is appropriate. Finally, there are employees whose veteran status requires their membership in the State System including those who are employed in entities where non-veteran employees are not eligible for membership. Within each of these three groups coverage is possible on a compulsory or optional basis. In the succeeding sections we will discuss eligible coverage among the three groups of employees as distinguished between those that are compulsory as well as those that are optionally covered.
- 11.2 ELIGIBLE COVERAGE OF PUBLIC EMPLOYEES' RETIREMENT SYSTEM AMONG STATE EMPLOYEES - Coverage is divided between those individuals who are compulsorily required to become members of the System and others where membership is optional.

Compulsorily covered are:

- (a) Veterans on the payroll January 2, 1955 who did not divest by January 31, 1955. Every veteran in public employment on January 2, 1955 regardless of civil service status who was not a member of another contributory system must enroll and contribute retroactively to January 2, 1955. In order to receive free credit for service prior to January 2, 1955, his application must have been filed with the retirement system prior to July 14, 1958. A veteran who files after that date does not receive free credit but will contribute at a reduced rate of contribution.
- (b) Veterans who were appointed after January 1, 1955 - A veteran appointed in the classified service after January 1, 1955 will not be eligible for membership until he receives a permanent appointment. His compulsory enrollment date is four months after the permanent appointment and contributions will be required from that date. A veteran appointed in the

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unclassified division of civil service must enroll within four months of receiving appointment. At the time of filing application he may purchase credit covering temporary employment subsequent to January 2, 1955 and will receive free credit for all public employment prior to January 2, 1955.

- (c) Every veteran appointed after January 2, 1955 in an unclassified or elective position (must enroll within four months of starting date).
- (d) Certain State employees are classified as law enforcement officers under a special category of membership. These individuals include:

Motor Vehicle Department:

- Inspector
- Senior Inspector
- Principal Inspector
- Chief Inspector
- Deputy Chief Inspector

Alcoholic Beverage Control:

- Inspector
- Investigator
- Administrative Inspector

- (e) Non-veterans appointed after January 2, 1955 - Every non-veteran receiving a permanent appointment after January 2, 1955 must enroll in the retirement system. His compulsory enrollment date is four months after the permanent appointment and contributions will be required from that date.

A non-veteran appointed in the unclassified service has the option of enrolling, but once enrolled must remain a member as long as he is on the payroll. At the time of filing application, the employee may purchase credit covering all previous State employment. He will be covered by the life insurance provision, without proving insurability, if he files application within one year of the date when he first became employed, or prior to January 11, 1957, whichever date is later.

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Optional enrollments include:

- (f) Every non-veteran employee who was in a permanent capacity in the classified service on December 31, 1954, if he did not withdraw from the State Employees' Retirement System during January 1955, may enroll at any time as a new member or may purchase credit covering all previous State service. The percent rate of contribution will be at the nearest attained age at the effective date of enrollment. In order to be covered by the life insurance provision, without proving insurability, his application must have been received prior to January 11, 1957.
- (g) Any non-veteran in an unclassified or elective position on January 2, 1955 who was not a member of the State Employees' Retirement System or if he was a member, did not withdraw during January 1955.
- (h) Any non-veteran appointed to an unclassified or elective position after January 2, 1955.
- (i) Any part-time employee who earns at least \$500 per year.

11.3 INELIGIBLE COVERAGE OF PUBLIC EMPLOYEES' RETIREMENT SYSTEM AMONG STATE EMPLOYEES -

- (a) Temporary employees.
- (b) Veterans who divest membership - Chapter 84, P. L. 1954 provided that every veteran on the payroll on January 2, 1955 who did not wish to enroll in the Public Employees' Retirement System could divest membership by notifying, in writing, the retirement system prior to January 31, 1955.

This divesting holds during the course of his employment with the department by which he was employed on that date. If he severs his employment and returns at a later date to public employment, he must enroll as a condition of employment, without any credit for prior service.

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- (c) Non-veterans on the payroll December 31, 1954 in a permanent capacity, a member of the State Employees' Retirement System on that date and who withdrew - Any non-veteran who withdrew from the State Employees' Retirement System prior to January 31, 1955 under the provisions of Chapter 84, P. L. 1954 may not re-enroll in the retirement system. If he severs employment and is re-employed at a later date, he must enroll as a condition of employment.
- (d) Employees of penal institutions who are eligible for membership in the Prison Officers' Pension Fund prior to January 1, 1960, the date when membership in that Fund was terminated for all new State employees who, since that date, are enrolled in the Public Employees' Retirement System.
- (e) Teachers in State colleges who are eligible for Teachers' Pension and Annuity Fund.
- (f) Self employed independent contractors who are not on the State payroll and who are reimbursed for their service by vouchers. These include individuals who render professional service to State agencies.
- (g) Judges of the Supreme and Superior Courts.
- (h) Motor Vehicle Agents and their employees.
- (i) Licensing Agents of the Fish and Game Division and their employees.
- (j) State employees paid by counties who elected to stay in a county pension fund.

11.4 ELIGIBLE COVERAGE OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM - among county, municipal or public agency employees where the former State Employees' Retirement System or the Public Employees' Retirement System was adopted by referendum.

Coverage is divided between those individuals who are compulsorily required to become members of the system and others where membership is optional.

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Compulsorily covered are:

- (a) Every veteran on the payroll January 2, 1955, regardless of status, whose position was not covered by a contributory fund and who did not divest membership prior to January 31, 1955.
- (b) Every veteran appointed after January 2, 1955 to a permanent position whose position is not covered by a contributory fund. (Must enroll within 4 months of permanent appointment.)
- (c) Every veteran appointed after January 2, 1955 in an unclassified, elective or appointive position, and whose annual salary is at least \$500 per year, provided he is covered by Social Security in that position. (Must enroll within four months of starting date.)
- (d) Every non-veteran who receives a permanent appointment after January 2, 1955 or the effective date of the retirement act within his public agency, whichever is later. (Must enroll within four months of permanent appointment.)
- (e) Every person appointed to a position classified as a "state employee paid by a county", who received their appointment after February 10, 1956. Their enrollment shall be processed in the same manner as the other county employees.
- (f) Every County Court Judge who is appointed after December 19, 1957.
- (g) Every person appointed to a position previously covered by a local contributory fund after the effective date of the termination of the local fund. (Chapter 169, P. L. 1956 Approved December 3, 1956)

Optional enrollments include:

- (h) Any non-veteran in a permanent position on January 2, 1955 or the effective date of the retirement act within his public agency, whichever is later.
- (i) Any non-veteran in an unclassified, appointive or elective position on or after the effective date of the retirement act within his public agency.

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- (j) Any part-time non-veteran employee who earns at least \$500 per year.
- (k) Non-veteran Board of Education employees of municipalities in 1st Class Counties who were appointed prior to May 25, 1935 and did not join the county-wide school district fund.
- (l) Every person appointed to a position classified as a "state employee paid by a county", who received their appointment prior to February 10, 1956 and is not a member of another contributory pension fund. Their enrollment shall be processed in the same manner as the other county employees.

11.5 INELIGIBLE COVERAGE OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM - among county, municipal and public agency employees where the former State Employees' Retirement System or the Public Employees' Retirement System was adopted by referendum. Individuals who are not eligible for membership in the system among county, municipal and public agency employees include:

- (a) Temporary or seasonal employees.
- (b) School district employees covered by the Teachers' Pension and Annuity Fund.
- (c) All school district employees of municipalities in 1st Class Counties (Essex County only) who were appointed after May 25, 1935 and those appointed prior to February 5, 1961 who did not enroll (Hudson County only).
- (d) Certificated Nurses employed by school districts.
- (e) Uniformed employees of the Police and Fire departments, if the municipality is covered by the Police and Firemen's Retirement System or the Consolidated Police and Firemen's Pension Fund.
- (f) Any employee whose position is covered by a local contributory fund.
- (g) Elected officials whose position is not covered by Social Security.

11.6 ELIGIBLE COVERAGE OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM - among county or municipal employees where the former State Employees' Retirement System or the Public Employees' Retirement System was not adopted by referendum, or public agency employees

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whose coverage was not approved by resolution. - This category of membership is primarily designed to cover every veteran who received a permanent appointment in public employment, who is not covered by another contributory pension fund other than Social Security, and who must contribute to the Public Employees' Retirement System as a condition of employment. In these particular entities non-veterans are not generally eligible for membership.

Compulsorily covered are:

- (a) Every veteran on the payroll January 2, 1955, regardless of status, whose position was not covered by a contributory fund and who did not divest membership prior to January 31, 1955.
- (b) Every veteran appointed after January 2, 1955 to a permanent position whose position is not covered by a contributory fund. (Must enroll within 4 months of permanent appointment.)
- (c) Every veteran appointed after January 2, 1955 in an unclassified, elective or appointive position, whose annual salary is at least \$500, provided he is covered by Social Security in that position. (Must enroll within 4 months of starting date.)
- (d) Every person (veteran or non-veteran) appointed to a position classified as a "state employee paid by a county", who receives his appointment after February 10, 1956.
- (e) Every County Court Judge who is appointed after December 17, 1957.

Optional enrollments include:

- (f) A State employee veteran paid by Essex, Hudson or Passaic Counties who was employed prior to February 10, 1956 and was not a member of a county fund.

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- 11.7 WAIVERS, VETERANS AND NON-VETERANS - In the Public Employees' Retirement System if a person was a former member and withdrew, such an individual is not permitted to re-enroll in the State System if he is still employed by the same employer for whom he was working on January 1, 1955. If he accepts employment in another State department or participating employer, his enrollment is compulsory.

If he withdrew as a veteran from the Public Employees' Retirement System during January 1955 and has remained on the payroll with the same State department or participating employer, he is not eligible for enrollment. If he accepts employment in a different State department or participating employer, the waiver is no longer in effect and enrollment is compulsory. No prior service credit, however, would be granted to such a member as the waiver covered prior service and membership. If the veteran has withdrawn since January 1, 1955, prior service will not be granted unless he repurchases credit from January 1, 1955 to the date of resignation.

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- 12.1 NON-VETERAN COVERAGE, REFERENDUM FOR COUNTY, MUNICIPAL AND PUBLIC AGENCY EMPLOYEES - The State Employees' Retirement System, the predecessor of the present System, was initially extended to only State employees on January 1, 1922. In July of 1938 the first local jurisdiction was permitted to enroll its employees in the State System and it has been followed by numerous counties and municipalities which have since adopted this pension program. With the enactment of Chapter 84, Laws of 1954, the title of the former State Employees' Retirement System was changed to the Public Employees' Retirement System to more adequately describe the coverage that is now offered not only to State employees but to all public employees in the State.

As of July 1, 1960 there were about 23,000 State employees, 8,000 county employees, 17,000 municipal employees and 3,000 employees of public agencies in this State who are covered by the System. Represented are a total of 226 municipalities, 17 of the 21 counties in the State and 65 public agencies who have extended the pension and death benefit coverage of the retirement system to all of their employees, veterans and non-veterans alike. Every other public employer in the State has also covered their veterans in the System except in those areas where a local contributory system is available. As many of our suburban areas experience a rapid growth in population and the necessary expansion of their county and municipal staffs to provide the services required in these communities, it is anticipated that more municipal officials and the taxpaying public will be interested in extending the coverage provided by the State System.

- 12.2 NON-VETERAN COVERAGE, PROCEDURE FOR COUNTY, MUNICIPAL AND PUBLIC AGENCY EMPLOYEES - In order to extend the Public Employees' Retirement System to employees of a county or municipality the following question must be placed on the ballot at a general election: "Shall the Public Employees' Retirement System of New Jersey, provided for by Chapter 84 of the Laws of 1954, with amendments and supplements, be adopted by the voters of the _____?" In accordance with State election procedure the county or municipal governing body must adopt a resolution to this effect and request the County Clerk, at least 40 days prior to the election date, to have this question appear on the ballot.

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If a majority of the voters approve participation in the State System, it becomes effective the following June 30th. All non-veteran employees of both the municipality and co-terminous school district who are on the payroll on June 30th have the option of enrolling in the System. Membership for permanent employees hired subsequent to that date is a condition of employment.

In the case of consolidated or regional school districts, all of the municipalities participating in the district must have adopted the Public Employees' Retirement System if the non-veteran employees of the consolidated district are to be eligible for membership in the system.

In the case of a public agency, a referendum is not required. Non-veteran employees can be covered by a resolution adopted by the governing body of the agency. The wording of the resolution may be obtained from the Division of Pensions.

The Division of Pensions will prepare an estimate of the employer's cost of participation before the municipal governing body determines whether or not to place the question on the ballot. Any municipality that wishes to investigate the advisability of adopting the system may submit a list of all their present employees and their birth-dates, salaries and years of service for each employee. A member of the Division's field staff may be called upon to meet with the municipal governing body or interested employees of the municipality to discuss costs and benefits.

All inquiries regarding costs, benefits and coverage should be referred to the Supervising Field Representative of the Division of Pensions.

- 12.3 VETERAN COVERAGE - Prior to January 1, 1955, N.J.S.A. 43:4-1, et seq., provided that a war veteran who had 20 years or more of service with a public employer in the State and who had attained 62 years of age, was entitled to a pension of one-half of his final year's salary; the veteran was not requested to contribute towards the cost of the pension. Prior to World War II there was

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only a limited number of veterans in public employment; however, because a large number of veterans of World War II and the Korean Emergency entered public employment, this statute resulted in a huge unfunded liability for practically all counties and municipalities in the State. Such employers would have had to provide for these pensions in future budget appropriations.

Recognizing that sound fiscal policy demanded the funding of this liability, Chapter 84 of the Laws of 1954, the Act establishing the Public Employees' Retirement System, provided that all veterans in the employ of the State and any county, municipality, school district or public agency, who was not eligible for any other contributory pension plan, was required to enroll in the State System.

Any veteran who was in this category on January 1, 1955, permanent or temporary, classified or not, had one month to decide whether he wished to enroll in the State System. Even if he did not enroll, he waived coverage under the non-contributory veterans' retirement act. Many veterans have been enrolled in the State System but it is a certainty that some veterans and some public employers are still not aware of the statutory requirement prescribing such coverage. All veterans who are not in positions covered by a contributory pension plan, other than Federal Social Security, are required to enroll as a condition of employment. A local referendum, described above in sections 12.1 and 12.2, is only a means of covering non-veteran employees.

The statute places the responsibility for the enrollment of veterans directly on the governing body of the public employer. All of the public employers in New Jersey have been circularized on numerous occasions since 1955 in an attempt to acquaint them with the provisions of the statute.

Coverage questions related to veterans should be directed to the Supervising Field Representative of the Division of Pensions.

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12.4 **VETERAN COVERAGE, REQUIREMENTS** - Individuals who file enrollment applications in the State System and who indicate their veteran status must submit sufficient military records in order to establish such status. In the event that such records are incomplete or are not submitted, these individuals will be enrolled as non-veterans until such time as the necessary evidence has been supplied by the enrolling member. Normally a photostatic copy of the individual's military service record showing both the induction and the discharge dates is considered satisfactory. As the back of the discharge will set forth the record of service, veterans should submit photostatic copies of both sides of their discharge. Moreover, the signature and date of birth on the discharge must agree with the enrollment application; otherwise, the veteran should explain the discrepancy.

12.5 **VETERAN COVERAGE, DEFINITION** - In order to establish veteran status the following active military service must have been rendered:

- (a) World War I - Any length of time between April 16, 1917 and November 11, 1918.
- (b) World War II - Ninty **days between September 16, 1940 and September 2, 1945.**
- (c) Korean **Emergency** - Ninty days after June 23, 1950.
- (d) Ninty days of active service are not required if the veteran was discharged because of a **service incurred or service aggravated disability.**

Terminal dates cannot be included in counting active service. Veteran status cannot be granted for the following:

- (a) Dishonorable discharge.
- (b) Discharge from draft.
- (c) Merchant Marine
- (d) State Militia

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- (e) Disability not service incurred or service aggravated if member had less than 90 days active duty for World War II or the Korean Emergency.
- (f) Student Training Corp, World War II.
- (g) Army of the Allies but not a citizen of the United States at time of service.
- (h) National Guard, not Federalized.
- (i) Public Health Service not within dates set forth by Presidential proclamation, July 29, 1945 through July 3, 1952.
- (j) Disenrollment from Coast Guard Reserve.
- (k) Discharge from the Reserve with no evidence of active service in time of war, where the discharge indicates there was no active service.
- (l) Voluntary disenrollment from Raritan Arsenal.
- (m) W. A. A. C. Service, only W. A. C. Service qualifies.
- (n) Military service during peace time.
- (o) Military service for training purposes; type of discharge will usually be indicated as D1270.
- (p) A. W. O. L. must be deducted from active service period. If this reduces the active service to less than 90 days, veteran status must be denied.

12.6 STATE EMPLOYEES PAID BY A COUNTY - Some public employees have been defined by opinions of the Attorney General as State employees even though these individuals are on county payrolls. By statute every person appointed to a position classified as a "state employee paid by a county"

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who received their appointment after February 10, 1956 must be enrolled. Coverage is optional for those who received their appointment prior to this date. In the counties of Essex, Hudson and Passaic where contributory funds are available, individuals in this classification could have transferred their membership from the county fund to the State System.

The following employees are to be considered as "State employees paid by a county":

- (a) Employees of the Supreme, Superior, County and County District Courts, (Judges of the Supreme and Superior Courts are not eligible to enroll in the Public Employees' Retirement System).
- (b) Superintendent of Elections and his employees.
- (c) Members of County Boards of Elections and their employees.
- (d) Employees of County Boards of Taxation (Members of County Boards of Taxation are paid on a monthly State payroll).
- (e) Employees of Probation Bureaus or Departments.
- (f) County Prosecutor and his employees.
- (g) Employees of County Superintendents of Schools. (County Superintendent of School is paid by State Department of Education)
- (h) County Detectives and Investigators.
- (i) Clerk of the Grand Jury.
- (j) Jury Commissioners and their employees.

12.7 LAW ENFORCEMENT OFFICER, DEFINITION - Employees of the following agencies classified in titles listed below as permanent and full time active employees, are eligible for membership in the Public Employees' Retirement System in the special category of law enforcement officer.

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Motor Vehicle Division

- (a) Inspector
- (b) Senior Inspector
- (c) Principal Inspector
- (d) Deputy Chief Inspector
- (e) Chief Inspector

Alcoholic Beverage Control Division

- (a) Inspector
- (b) Investigator
- (c) Administrative Inspector

Palisades Interstate Park Commission

- (a) Patrolman
- (b) Police Officer

The law enforcement officer category of membership was originally established by Chapter 257 of the Laws of 1955 and was further amended by Chapter 55 of the Laws of 1956 and Chapter 84 of the Laws of 1957. Any person employed in any of the titles listed above on the date when the position became covered by these law enforcement officers acts, was given 90 days to elect the special category of membership. They were required to sign a waiver form indicating that they did not wish to elect membership in the retirement system as a law enforcement officer. Those who desired this special category of membership were required to sign a statement of intent. Since then, Chapter 170 of the Laws of 1959, prescribes that all individuals in these positions will be enrolled as non law enforcement officer or regular members of the System unless they specifically sign a statement of intent to join the special category of membership.

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The employees of the agencies listed below had to sign waivers or statements of intent as law enforcement officers prior to the dates indicated:

- (a) Motor Vehicle Division - August 20, 1956
- (b) Alcoholic Beverage Control Division - October 23, 1956
- (c) Palisades Interstate Park Commission - September 9, 1957

Employees of the Palisades Interstate Park Commission and the Alcoholic Beverage Control Division are unclassified and are thus compelled to enroll within 4 months after their original appointment. Employees of the Motor Vehicle Division are classified and are therefore compelled to enroll 4 months after their permanent appointment.

- 12.8 COUNTY COURT JUDGES - Chapter 206 of the Laws of 1957 provided that any member of the retirement system, as a judge of the County Court, who attains age 70, after 10 years in that capacity, may be retired on a retirement allowance equal to one-half of his annual salary. In fact, retirement is compulsory at age 70.

Any such judge who has attained age 65 and who terminates service by reason of not being reappointed, may elect to receive a deferred allowance beginning at age 70 equal to one-half of his annual salary. Any judge electing benefits payable under Chapter 206 of the Laws of 1957 is not eligible to receive retirement benefits under any other State law.

Any person becoming a judge of the County Court after December 19, 1957 shall be compulsorily covered in the retirement system.

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13.1 TERMINATED PENSION FUNDS, COVERAGE - Chapter 169, P.L. 1956, makes the Public Employees' Retirement System available to members of local contributory pension funds. Before a local fund may be terminated and the membership transferred to the Public Employees' Retirement System the following steps are required:

- (a) A request (in the form of a resolution) to the Governor by the political subdivision or subdivisions maintaining a contributory pension fund, that he issue a proclamation calling for the holding of a referendum among the eligible members of the local plan.
- (b) The Governor's proclamation of the referendum.
- (c) A ninety day notice of the referendum given to all members.
- (d) A successful referendum and the Governor's certification of the results.
- (e) A sixty day waiting period.
- (f) The termination of the local fund and the merger with the Public Employees' Retirement System.

After the termination of a local fund the following procedure would apply in transferring the members to the Public Employees' Retirement System.

13.2 TERMINATED PENSION FUNDS, ENROLLMENT - An application for enrollment must be filed by each member of the local fund, and in the event the member is a veteran, all public employment within the State must be certified. The employer must list all services the employee established as a member of the local contributory fund together with the total amount the member contributed to the local fund. The effective date of Social Security would be determined when the agreement is signed with the Federal Government and the employee's

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Social Security taxes from that date to the effective date of transfer would have to be secured by the employer from the amount the member contributed to the local contributory fund. The net amount of cash would be certified to the Public Employees' Retirement System. In order to determine the effective date of transfer, the System applies the standard rule that any actual effective date up to the 16th of the month would be predated to the 1st of that month; if the effective date was the 17th to the 31st, the effective date would be post-dated to the 1st of the following month. The Public Employees' Retirement System rate would be in effect from that date for non-veterans; veterans would be required to contribute at the State System rate from January 1, 1955, or date of employment, whichever is later. Any refund or shortage appearing in the account as of the date of certification would be adjusted by either a rebate or scheduling of arrears. A veteran would be entitled to a refund of all contributions not required in his account for the period subsequent to January 1, 1955.

Any person becoming an employee after the effective date, whose position was previously covered by the local contributory fund, would be compelled to enroll in the Public Employees' Retirement System as a condition of employment.

13.3 TERMINATED PENSION FUNDS, CONTRIBUTIONS -

- (a) Veteran - A veteran would receive free prior service credit for all public employment prior to January 1, 1955 rendered within the State, and his contribution age and rate would be determined by subtracting the total of all public employment from January 1, 1955, or date of employment, whichever is later, and then subtracting his birthdate from the date obtained.
- (b) Non-veteran - A non-veteran would contribute at the rate and age applicable to his age at entrance in the local contributory fund. This would be determined by subtracting the date of birth from the date of entrance in the local fund.

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13.4 TERMINATED PENSION FUNDS, TRANSFER DATES - A specific code is assigned to employees transferring from a local contributory fund in addition to the codes normally assigned to counties and municipalities from which the transfer is being made. The following transfers have been effectuated on the dates indicated.

001	South Orange Village	August 1, 1957
002	Cumberland County, Weights & Measures	August 1, 1957
003	Gloucester County, Weights & Measures	October 1, 1957
004	Cape May County, Weights & Measures	October 1, 1957
005	Salem County, Weights & Measures	November 1, 1957
006	Paterson Board of Health	November 1, 1957
007	Monmouth County, Weights & Measures	December 1, 1957
008	Ocean County, Weights & Measures	January 1, 1958
009	Burlington County, Weights & Measures	February 1, 1958
010	Hudson County Board of Education Employees	February 1, 1960

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- 14.1 INSURANCE COVERAGE - Every new member of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System is advised of non-contributory and contributory insurance death benefits. A discussion of the benefits and the processing of claims can be found in section 20.1. At this point, however, we will discuss the coverage problems for newly enrolled members.

The members of both systems generally have non-contributory death benefit coverage. In the case of Teachers' Pension and Annuity Fund contributory insurance coverage is compulsory in the first year of membership for all new members, effective January 1, 1958. Consequently, contributory insurance will be certified for all newly enrolled members of the Teachers' Fund and contributions will be required for this coverage. On the other hand, contributory coverage in the Public Employees' Retirement System is generally available to new members within the first year of membership on an optional basis. Consequently, contributory insurance will not be certified except for those who elected such coverage when completing their enrollment application.

- 14.2 INSURANCE CERTIFICATE - Insurance certificates are prepared in accordance with the member's status as to whether he is covered by the non-contributory program or by both the non-contributory and contributory insurance benefits. The information given on the policy certificate is as follows:

- (a) the member's name
- (b) his location number
- (c) his membership number
- (d) the effective date of insurance
- (e) the designation of beneficiary

If the beneficiary on the application for enrollment is not acceptable, then a letter will be forwarded to the individual indicating the problem. Where the individual has designated more than one beneficiary, in the absence of a specific request, the payments will be made on a share and share alike, survivor or survivors, basis.

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If there is such a problem with respect to the insurance certificate, the employer's and member's copies of the enrollment application will be returned to the Certifying Agent without the completed policy certificate. When the information has been supplied by the member, the certificate will be forwarded directly to him at his home address.

The insurance certificates vary to the extent that in the Teachers' Pension and Annuity Fund the certificate issued includes non-contributory and contributory coverage whereas the certificates issued by the Public Employees' Retirement System may or may not include contributory insurance at the option of the member. Moreover, special benefits are available to the law enforcement officer category in the Public Employees' Retirement System so that a special certificate is issued to such new members.

Any or all information given on the insurance certificate may be changed by the Division of Pensions. However, it cannot be altered by the member. For example, a change in name or beneficiary will require a rider to the original insurance certificate. These changes are reflected by the Records Section as described in section 45.1.

It is to be understood that the insurance certificate is not a policy but is simply a statement of benefits based on a policy contracted by the State Treasurer and the board of trustees with the insurance carrier.

The Prudential Insurance Company of America

(INSURANCE COMPANY)

CERTIFIES that the individual named below is insured for the Non-Contributory Group Life Insurance under Group Policy No. G-13900.

POLICYHOLDER

BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

INSURED INDIVIDUAL	LOCATION NUMBER	MEMBERSHIP NUMBER	EFFECTIVE DATE
BENEFICIARY*		SOCIAL SECURITY NUMBER	

**Subject to the provisions of the section "Beneficiary" of this Certificate.*

The insurance evidenced by this Certificate is effective from the effective date indicated above.

The provisions of the Group Policy principally affecting the individual's insurance are summarized on this and the following pages of this Certificate. All benefits are subject in every respect to the Group Policy, which alone constitutes the agreement under which payments are made.

Louis R. Menagh
President.

NON-CONTRIBUTORY GROUP LIFE INSURANCE CERTIFICATE

ORD 25903 ED 12-56

The Prudential Insurance Company of America

(INSURANCE COMPANY)

CERTIFIES that the individual named below is insured for Group Life Insurance under Group Policy No. G-14300.

POLICYHOLDER

BOARD OF TRUSTEES
TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY

INSURED INDIVIDUAL

MEMBERSHIP
NUMBER


EFFECTIVE
DATE

BENEFICIARY*

**Subject to the provisions of the section "Beneficiary" of this Certificate.*

The insurance evidenced by this Certificate is effective from the effective date indicated above.

The provisions of the Group Policy principally affecting the individual's insurance are summarized on this and the following pages of this Certificate. All benefits are subject in every respect to the Group Policy, which alone constitutes the agreement under which payments are made.


President.

NON-CONTRIBUTORY AND CONTRIBUTORY
GROUP LIFE INSURANCE CERTIFICATE

ORD 26803 ED 1-58

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- 14.5 WHEN COVERAGE IS DENIED - Coverage may be denied to members of the retirement systems who cannot supply evidence of insurability in those situations where such proof is required. Any member who cannot be eligible for non-contributory death benefit coverage, shall also be ineligible for contributory insurance coverage. Moreover, members applying for contributory insurance coverage must be actively at work on the date that the application is signed.
- 14.6 WHEN INSURABILITY IS REQUIRED - In the Teachers' Pension and Annuity Fund all compulsory enrollments are automatically presently covered by non-contributory and contributory insurance coverage as of the date of enrollment. Compulsory enrollments under the age of 60 whose membership began January 1, 1958 or later are required to carry the contributory insurance during the first year of membership. Contributory coverage is optional for those age 60 or over if they were enrolled on or after January 1, 1958; if such a member elects to carry the contributory coverage, proof of insurability must be submitted. Such a member must file a statement within 30 days indicating his desire to participate or not to participate in the contributory program.

Optional enrollments in the Teachers' Pension and Annuity Fund are required to submit proof of insurability in order to be covered by either the non-contributory or contributory insurance.

In the Public Employees' Retirement System proof of insurability is not required for non-contributory coverage in the case of compulsory enrollments. With respect to the contributory insurance the compulsory enrollment had to request such coverage before December 1, 1957 or prior to one year after first becoming eligible for enrollment, whichever is later.

In the State System an optional enrollment must prove insurability for non-contributory coverage if his application for enrollment was not filed prior to January 11, 1957 or prior to one year after first becoming eligible for enrollment, whichever is later. If an optional enrollment is covered by the non-contributory coverage, he has one year after filing his application to request contributory coverage. In the event that he is required to prove insurability, the effective date of contributory insurance will be the date that such insurance is made effective by the insurance carrier.

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- 14.7 INSURABILITY, PROCEDURE - In the event that proof of insurability must be established the member is notified to the effect by the carrier. Evidence of insurability can be obtained through a medical examination. Until such proof of insurability is obtained, an individual cannot be covered by the insurance death benefits and, consequently, no such benefits are possible.

The insurance carrier will notify the member of the time and place for his examination. The results of that examination are reported to the retirement system. If the individual does not satisfy the medical examiners of the carrier he may learn the reason for his failure by having his personal physician contact the carrier.

- 14.8 CONTRIBUTORY INSURANCE ELECTED AFTER ORIGINAL ENROLLMENT - This section is particularly true of the Public Employees' Retirement System where contributory coverage is optional with the newly enrolled member. In order to be covered the member must file the pink card shown below if his original enrollment has already been certified. Upon the processing of such enrollment card the employer will receive the supplemental certification from the enrollment bureau indicating the additional deductions required and the effective date of such contributory insurance.

The certification is forwarded to the employer together with a new certificate for the member. Generally speaking, if the eligibility date falls between the 1st and the 16th of any month it is normally predated to the first of the month while dates falling between the 17th and the 31st are post dated to the first of the following month.

The enrollment card is received from the member and if found to be ineligible for coverage, he will be directly informed that his application has been denied. Any member requesting contributory insurance must be actively at work on the date the insurance is requested and this information is certified by the employing agency on the enrollment card.

In the Public Employees' Retirement System, as an employee is not required to enroll in the system until he has served his probationary period after his permanent appointment, usually four months after his original employment date, he does actually have one year and four months in order to elect the contributory insurance program.

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14. 9 NOTICE OF ENROLLMENT FOR CONTRIBUTORY GROUP INSURANCE
CARD FORM, PUBLIC EMPLOYEES' RETIREMENT SYSTEM -
(Pink Colored)

NOTICE OF ENROLLMENT FOR CONTRIBUTORY GROUP INSURANCE	
To the Secretary of the Public Employees' Retirement System	
I, the undersigned member, wish to enroll for the Contributory portion of the Group Insurance Plan underwritten by THE PRUDENTIAL INSURANCE COMPANY OF AMERICA.	
I hereby authorize my employer	Name of Employer
to deduct from my wages the contributions required of me for the contributory insurance.	
Date _____	Signature of Employee _____
This portion to be completed by Certifying Agent	
I certify that the employee was performing all his regular duties at his customary place of employment on the date this card was signed.	
Employing Agency _____	County of _____
Location No. _____	Employee Membership No. _____ Employee Soc. Sec. No. _____
Date _____	Signature of Certifying Agent _____
ED 3-58 PERS. 1	DUP 285

ENROLLMENT AND CLAIMS
ENROLLMENT

15.1 ENROLLMENT APPLICATION, TEACHERS' PENSION AND ANNUITY FUND - Applications for enrollment must be filed in triplicate for:

- (a) Employees who have never been members of the Fund.
- (b) Former members who have withdrawn from the Fund.
- (c) Members who have been inactive for a period of two or more years.

A discussion of who is eligible for membership in the Teachers' Pension and Annuity Fund can be found in Sections 10.2 - 10.4.

No enrollment application should be filed for a member returning from a leave of absence or transferring from another district who is an active member of the Fund. Inactive membership may be extended for a period up to five years from the date of the last contribution, if the member is on an authorized leave of absence which is approved by the Board of Trustees.

An employee working in more than one school district must submit applications for each district in which he is employed and should indicate on each application that he is employed by more than one employing agency.

Part I - to be completed by the employee.

Part II - the employer certifies to the accuracy of information in Part I (as completed by the employee) and completes Part II.

Part III - certification by Pension Division.

**ENROLLMENT AND CLAIMS
ENROLLMENT**

15.2 ENROLLMENT APPLICATION, TEACHERS' PENSION AND ANNUITY FUND

T-10-22-561
CHAPTER 37, PL 1955

TEACHERS' PENSION AND ANNUITY FUND
State of New Jersey
ENROLLMENT APPLICATION

P.O. BOX 1780
TRENTON 25, N.J.

Part I Please Print or Type: (INDIVIDUALS AGE 60 OR OLDER ON DATE OF APPOINTMENT ARE NOT ELIGIBLE FOR ENROLLMENT)

1. Name: M _____ (_____)
Maiden Surname
2. Address _____
Street City
3. Date of Birth _____
Month Day Year
4. Sex () M () F Marital Status _____
5. Veteran Status (Copy of Discharge Attached)
- a. Branch _____ b. Date of Enlistment _____
c. Serial No. _____ d. Date of Discharge _____
6. Social Security No. _____
7. Former member of the Fund yes () no ()
- a. Membership number if known _____
- b. Have you ever been or are you presently enrolled in any other pension fund _____. If yes, indicate name of fund _____

8. **RECORD OF PUBLIC EMPLOYMENT**
(Non veteran need only show public school employment).
(Do not include private employment. Please distinguish between substitute or temporary service and regular service.)

Employer	City-State	Position	From	To
a.				
b.				
c.				
d.				

(FOR ADDITIONAL SERVICE USE SUPPLEMENTAL SHEET)

9. Check One: I understand that my privilege to purchase prior service will expire one year after the effective date of enrollment.
() I do not wish to purchase prior service credit and hereby waive my right to do so.
() I am interested in purchasing prior service credit and hereby request the Board of Trustees to quote cost and terms of purchase.

10. **DESIGNATION OF BENEFICIARY**
GROUP LIFE INSURANCE AND RETURN OF ACCUMULATED DEDUCTIONS

PRIMARY BENEFICIARY

_____, _____, _____, _____
(Beneficiary) (Relationship) (Address) (Birth-date)

CONTINGENT BENEFICIARY

_____, _____, _____, _____
(Beneficiary) (Relationship) (Address) (Birth-date)

In the absence of a specific request, if multiple beneficiaries are named the following shall apply; "Share & share alike, survivor or survivors". Payment will be made on a lump sum basis. If other than lump sum, or a division of the benefits is desired, an appropriate form will be provided upon request.

Date _____ Signature of Applicant _____

ENROLLMENT AND CLAIMS
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15.2 ENROLLMENT APPLICATION, TEACHERS' PENSION AND ANNUITY FUND - (continued)

Part II

CERTIFICATION OF EMPLOYING AGENCY

1. Position _____ 5a. Part-time _____ } number of hours per day _____
see instruction
2. Began employment _____ b. Full-time _____ } number of days per week _____
3. Annual base salary \$ _____ Monthly salary \$ _____ Ten _____ Twelve _____ months [Payroll No. _____
 Employee No. _____
 State Employees Only]
4. Certification _____ (Secy's. Signature) _____ (District) _____ (County) _____ (Date)

Part III

CERTIFICATION TO EMPLOYER AND EMPLOYEE

1. Symbol _____ 2. **3%** 12. Total months of service _____ 13. Group _____
3. Periods _____ Deductions begin _____ 14. Payroll # _____ 15. Employee # _____
4. Base Salary quarter of certification \$ _____ 16. Division-O (Not applicable) 17. Rate _____%
5. Full rate is _____% 18. Age _____ 18a. P/S & Equ. Date (Not applicable)
6. Insurance eff. _____ Ins. due this quarter \$ _____ 19. Enrollment Date _____
7. Bur.-O (Not applicable) 8. 10 mos. _____ 12 mos. _____ 20. Sex M-4 _____ F-5 _____ 21. Birth Date _____
9. Accumulative base salary on this quarterly report \$ _____ 22. Veteran No-O _____ Yes-1 _____
10. From _____ to _____ back deductions are due. _____ payments of \$ _____ 23. Prior Service _____ yrs. _____ mos.
11. Back ded. this quarter \$ _____ Total \$ _____ Figured _____ Checked _____

CERTIFIED BY: JOHN J. ALLEN
 Secretary of the Fund
 White-Fund, Pink-Employee, Yellow-Employer

BY DORIS G. GOULDING _____
 Chief, Enrollment & Claims Bureau Date

ENROLLMENT AND CLAIMS
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15.3 PART I, ENROLLMENT APPLICATION, TEACHERS' PENSION AND ANNUITY FUND - Part I to be completed by the employee.

- (1) NAME - Insert full name using first, middle and last name. If the applicant is a married woman, maiden surname should be given in the space provided.
- (2) MAILING ADDRESS - The applicant's correct present mailing address in the event it is necessary for the Pension Division to contact him directly. Any change of address for the member should be reported to this office in order that we may maintain an accurate record.
- (3) DATE OF BIRTH - This date must be listed as to month, day and year. In reviewing an enrollment application the files are checked to determine if the individual had a previous membership in the Fund. The Enrollment Section will compare the birth date on the previous enrollment with that now furnished by the applicant. If the birth date is different, the individual is requested to supply proof of age.
- (4) SEX - Check "M" for male or "F" for female. The marital status of the employee should be given in the space provided.
- (5) VETERAN STATUS: A, B, C, D - The information requested on the application regarding active military service must be recorded and a copy of the discharge attached. In order to process an enrollment, it is necessary that both the front and reverse sides of the discharge be supplied, as the applicant must establish both the induction and the discharge dates. Every applicant who has had active military service should complete this section and attach a copy of his discharge. If the applicant does not qualify for veteran status under Chapter 37, P. L. 1955, his employer will be notified and he will be enrolled as a non-veteran.

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- (6) SOCIAL SECURITY NUMBER - This is the number assigned to the applicant by the Federal Social Security Administration and must be a series of 3 digits, 2 digits and 4 digits; i. e. 000-00-0000.
- (7) FORMER MEMBER OF THE FUND - If the applicant was a former member of the Teachers' Pension and Annuity Fund, he should check "yes". An enrollment application should not be filed for any employee who was a former member and who did not terminate his membership by withdrawal or expiration. (See Section 19.1 regarding the transfer procedure.)
- (a) If answer to above is "yes", list former membership number.
- (b) If applicant is enrolled in any other public pension fund in New Jersey write "yes" and indicate the name of the fund.
- (8) RECORD OF PUBLIC EMPLOYMENT - Non-veteran applicants should list all former public school employment rendered within and outside the State of New Jersey. If any of this service was substitute or temporary, it should be so identified. If the applicant is currently employed by another school district, such employment should also be indicated. Veteran applicants should list the same information as non-veterans, plus any other former public employment in the State of New Jersey. No private employment should be noted.

In the case of a veteran, all public employment prior to January 1, 1955 must be certified by the former employer. If the applicant has been employed by one district only, this service is acceptable if certified on the enrollment application. If the service was performed

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in any other public employment, then a form I-V Supplement must be attached to the application for enrollment. (See Section 15.8.)

Full credit is granted for accredited evening school service while credit for actual days worked on the basis of 20 days per month is granted for substitute service.

- (9) PRIOR SERVICE, CHECK ONE - The applicant should indicate whether or not he wishes to be quoted cost and terms to purchase previous public school service by checking the appropriate line. If the member requests the right to purchase, the application for enrollment will be processed with a regular deduction only and the member will be notified of the cost and terms. Such request is not binding until the member agrees to the purchase.
- (10) DESIGNATION OF BENEFICIARY - This designation covers the Group Life Insurance Program (if payable) and the return of accumulated deductions. A female beneficiary should be shown listing her maiden name; i. e. Mary Smith, not Mrs. John Smith. If more than one beneficiary is shown in this section, the combined benefits will be on a share and share alike, survivor or survivors basis. Payment will be made by a lump sum. If other than lump sum, or a division of the benefits is desired, the applicant should request the Pension Division to furnish him with the appropriate form. The information given in this item will appear as designation of beneficiary indicated on the insurance certificates. Please see Section 14.2 for a discussion of the certificate.

ENROLLMENT AND CLAIMS
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DATE AND SIGNATURE OF APPLICANT - After the application has been completed it must be signed in ink by the applicant using full given name as shown in Item I. If a married woman, she should sign her own given name, maiden surname and marriage surname; i. e. Mary Smith Jones, not Mrs. John Jones.

15.4 PART II, ENROLLMENT APPLICATION, TEACHERS' PENSION AND ANNUITY FUND - This certification of the employing agency is to be completed by the employer.

- (1) POSITION-TITLE - The school district should refer to Item 2 on the back of the application for enrollment for a list of all titles covered by the Fund. Particular attention should be given to item 2c. This instruction states that if the title of the applicant's position does not appear in the list of titles covered by the Fund, a statement covering the duties of the position should be attached to applicant's enrollment application.
- (2) BEGAN EMPLOYMENT - The date on which the applicant began regular, not substitute service, in the district should be listed.
- (3) ANNUAL BASE SALARY, MONTHLY SALARY, 10 OR 12 MONTHS - Applicant's present annual base salary, exclusive of bonuses should be listed. The monthly salary should be shown as 1/10th or 1/12th of the annual salary according to the method of payment.

The 10 or 12 months indication represents the manner in which the applicant is paid. A 10 month employee is presumed to earn 1/10th of his base salary in each of the months September to June, inclusive. A 12 month employee would earn 1/12th of his base salary in each of the months July to June, inclusive. If an employee is paid on other than a 10 or 12 month basis, he must be reported to the Division and pension deductions computed on either a 10 or 12 month basis.

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- (4) CERTIFICATION OF SECRETARY - The signature of the Secretary of the employing school district and the name of the school district and county in which it is located, together with the date of signature.
- (5) PART TIME OR FULL TIME - Part time or full time employment should be indicated by a check. If part time , the district should show the average number of hours per day and days per week of employment.

PAYROLL NO. , EMPLOYEE NO. - This is to be completed by State Departments only for their employees who are enrolling. The payroll number on which the employee will appear and the employee number which has been assigned by the State Centralized Payroll System must be shown on the lines indicated.

15.5 PART III, ENROLLMENT APPLICATION, TEACHERS' PENSION AND ANNUITY FUND - This certification to the employer and employee is to be completed by the Division of Pensions. In order to familiarize the employer and employee with the information found in this section on a completed application, an explanation of the data given in this part of the application is set forth below:

- (1) This is the code which is assigned by the Division of Pensions to the school district from which the employee is enrolling.
- (2) The rate of interest used by the Division in order to determine the various benefits of the Pension Fund payable on the employee's account.
- (3) The number of periods which will be shown on the first quarterly report and the month in which pension deductions will begin. This date must be followed by the employer as all records of the Division of Pensions have been established to become effective on the date indicated.

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- (4) This item will indicate the base salary of the member converted to the nearest dollar, covering the base salary from the date of certification to the end of the quarter in which the enrollment is certified. If the enrollment is certified to begin on the first month of the quarter, periods shown in item 3 would be 3 and the base monthly salary would be multiplied by 3; to begin in the 2nd month in the quarter the certification would indicate 2 periods and the base salary in the quarter of certification would be a month's salary multiplied by 2; and the certification to begin in the last month of the quarter would indicate one period and show only one month's base salary.
- (5) This is the full percent rate of contribution which the member will contribute to the Teachers' Pension and Annuity Fund. It cannot be changed without a certification from the Pension Division. This rate will be reduced by $2\frac{1}{2}\%$ in determining pension contributions from the first \$4800 of base salary in the calendar year. On base salary in excess of \$4,800 in a calendar year, the full rate determines the pension contributions.

For example, a 10 month employee with a full rate of contribution of 5.50% and contractual salary of \$5,200 for the 1959-1960 school year and \$5,600 for the 1960-1961 school year would have monthly pension contributions of \$15.60 (\$520 x net rate of contribution of 3%) in January through June of 1960 and \$16.80 (\$560 x net rate of 3%) in September, October and November and a pension contribution in December of \$30.80 (\$560 x full rate of 5.50%) because the accumulated base salary in the 1960 school year reach \$4,800 at the end of November, 1960. Social Security taxes in excess of $2\frac{1}{2}\%$ is not reflected in this rate.

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In order to achieve a standard deduction for each payroll period, the total deductions should be divided by the minimum number of payroll periods within a quarter (such as monthly - 3 per quarter; semi-monthly - 6; bi-weekly - 6; and weekly - 12). In the case of bi-weekly and weekly agencies, no deduction should be taken for the Fund in the 7th or 13th pay period of any quarter.

- (6) Contributory insurance death benefits at the rate of 1% of base salary is compulsory for the first year of membership, with the exception of optional enrollments who will be required to submit proof of insurability in order to be covered by either the contributory or non-contributory death benefits. If the member is covered for the contributory benefits, the effective date of the insurance will be inserted in this item. The total premium which is due from the member on the first quarter of certification will also be shown. This amount represents 1% of the base salary from the effective date of enrollment to the end of the last month within the quarter of certification. If this section is not completed, the employer should not take any deductions for contributory death benefits for this member.
- (7) This section is not applicable to members of the Teachers' Pension and Annuity Fund.
- (8) We will check the number of months, in which the employee will be paid his annual base salary in accordance with the information certified by the Board Secretary as reported in Part II of the application.
- (9) Accumulative base salary on the first quarterly report is the total base salary received between the effective date of the enrollment and the date of the certification. It is converted to the nearest dollar and will appear in column 6 of the first quarterly report on which the member appears.

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- (10) This section shows the dates for which back deductions are due which represents the time between the enrollment date and the date of certification. The back deductions may be computed at the full rate less $2\frac{1}{2}\%$. These amounts should be deducted by the payroll clerk and cannot be altered.
- (11) The back deductions that are due in the first quarter of certification and the total amount which is due are indicated. The back deductions this quarter section is completed for members reported on a quarterly basis and represents the amount which will be due from the member for back deductions covering the quarter of certification only. This is the amount that will appear in column 14 of the first quarterly report on which the member appears.
- (12) This is the total months of service converted to 12 months for each school year for which a member has credit prior to the date of enrollment. If a 10 -month employee is certified to have deductions begin in September, with no previous credit, this section will be left blank. However, if we are certifying a 12 - month employee hired on July 1st to begin deductions in September, then 2 months would appear in this section covering the months of July and August. If a 10 - month employee was certified to begin deductions in October, but actually started employment on September 1st, then 3 months would appear in this section covering 3/12th of the school year.

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- (13) This section is for actuarial use of the Division of Pensions. All titles classified as teachers or members of a professional staff are coded 1; janitorial titles are coded 2.
- (14) These items apply to State employee members of the Teachers' Pension and Annuity Fund and
&
(15) will not be completed for any employee of a participating school district.
- (16) This section is not applicable to members of the Teachers' Pension and Annuity Fund.
- (17) The full rate of contribution assigned to the applicant based on his nearest age at the time of enrollment in the case of a non-veteran or an equated age, if applicable, for a veteran. For a non-veteran this date is obtained by subtracting the birth date of the applicant from the date of enrollment. The nearest resulting age is used in order to determine the percent rate of contribution. If a veteran has service credit for public employment prior to January 1, 1955, the combined years and months of this service are subtracted from the enrollment date. The birth date is then subtracted from this commuted date in order to determine the age under which he will contribute. After the age is obtained a rate chart is then used in order to obtain the full percent rate of contribution. (See Section 16.5). If a veteran had a previous membership in the Teachers' Pension and Annuity Fund subsequent to January 1, 1955 and had already established veteran status, his free prior service credit for service prior to January 1, 1955 would not be re-established nor would the lower rate be assigned until such time as he had agreed to repurchase any credit he had established subsequent to January 1, 1955 and prior to the withdrawal of his contributions.

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- (18) The contributing age of the applicant.

18a is not applicable to members of the Teachers' Pension and Annuity Fund.

- (19) This will be the effective date of the member's enrollment in the Teachers' Pension and Annuity Fund. If the employee began employment between the 1st and 16th of the month, he is enrolled as of the first of that month. If he began employment between the 17th and 31st he is enrolled as of the first of the following month. However, in the case of an optional enrollment, the employee is enrolled as of the first of the month in which the application is received in the office of the Division.
- (20) We have checked the sex of the applicant.
- (21) The month and year in which the member was born as indicated in item 3 of Part I of the application.
- (22) If the member does not have veteran status in the Teachers' Pension and Annuity Fund we will check the section "No". If he can qualify as a veteran, then a check will be placed alongside of "Yes".
- (23) We will show by inserting years and months the total prior service a veteran is granted for all public employment prior to January 1, 1955. This will be converted to months and shown as months to the right of this line. The total months of prior service will be added to the months of credit granted between the enrollment date and date of certification and the total will be shown in section 12. The initials of the persons in the Enrollment Section who figured and checked the certification will be indicated.

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- 15.6 ENROLLMENT APPLICATION, TEACHERS' PENSION AND ANNUITY FUND, DISTRIBUTION - The Enrollment Application is completed in triplicate. The second and third copies colored pink for the employee's copy and yellow for the employer's copy together with the employee's insurance certificate are forwarded to the employer for distribution to the employee. The employer will retain the yellow copy for his file.
- 15.7 ESTABLISHING VETERAN STATUS - Employees who file an Enrollment Application and indicate military service must submit military records in order to establish veteran status. In the event that such records are incomplete or not submitted, these individuals will be enrolled as non-veterans until such time as the necessary evidence has been supplied by the member. Normally a photostatic copy of the individual's military service record showing both the induction and discharge dates is considered satisfactory. Please see Section 12.5 for a definition of veteran status.
- 15.8 ESTABLISHING PUBLIC EMPLOYMENT - It is possible for veterans to establish credit in the Teachers' Pension and Annuity Fund for service prior to January 1, 1955, including service which was not necessarily teaching service but rather other public employment in New Jersey. In order to establish prior service the veteran must obtain a certification from the employer covering the period of employment. When such service is indicated on the Enrollment Application the Enrollment Section will forward to the veteran a form by which he will obtain for the Fund a certification of such public employment from the Certifying Official of the employer involved.
- 15.9 ESTABLISHING PUBLIC SCHOOL EMPLOYMENT - On an Enrollment Application an employee may indicate public school service in this or any other state which is not recorded in the records of the fund under a previous membership. In a case of out of state service this service may be purchased by the member upon receipt of proper certification by the employing school district in such other state. Upon noting such service to be established, the Enrollment Section will forward a form to the applicant by which he will obtain a certification of such public school service from the previous employer.

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16.1 ENROLLMENT PROCEDURE, INCOMPLETE APPLICATIONS - There are four or five usual reasons why an Enrollment Application cannot be completed. A letter to this effect is forwarded to the employing district in order that the information be supplied by return mail. Such reasons are:

- a. The birth date to be supplied by the employee is not completely given.
- b. The application lacks a supplemental form involving veteran's prior service. This form is sent to the employer in order that he may have the veteran obtain a certification from the former employer.
- c. The application is prepared on a form that is no longer in use by the Fund and must be returned for completion on a more current form.
- d. The employer does not give an accurate record of salary to be paid. i. e. The monthly salary multiplied by the 10 or 12 months salary does not equal the annual salary shown.
- e. Employee shows in section 8 previous employment with the school district under which he is enrolling but does not indicate that there was substitute service.

16.2 RATES OF CONTRIBUTION - The rates of contribution are normally determined by the rate applicable to the age at enrollment. In the case of a non-veteran the nearest attained age at the date of enrollment is obtained by subtracting the birth date from the date of enrollment. The same thing is true of veterans unless free prior service credit has been allowed in which case a commuted rate will be used. In order to obtain the commuted age, the years and months of prior service granted will be subtracted from the date of enrollment and the birth date will be further subtracted from this date.

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16.3 RATE CHART, TEACHERS' PENSION AND ANNUITY FUND -

CLASS B RATES

<u>Entrance Age</u>	<u>Men</u>	<u>Women</u>	<u>Entrance Age</u>	<u>Men</u>	<u>Women</u>
16	4.85	5.18	38	5.86	6.60
17	4.83	5.20	39	5.95	6.71
18	4.81	5.23	40	6.04	6.81
19	4.80	5.25	41	6.14	6.92
20	4.80	5.27	42	6.23	7.04
21	4.80	5.31	43	6.34	7.15
22	4.81	5.36	44	6.44	7.27
23	4.83	5.40	45	6.55	7.39
24	4.87	5.45	46	6.65	7.50
25	4.91	5.51	47	6.77	7.62
26	4.96	5.57	48	6.88	7.75
27	5.01	5.64	49	7.00	7.88
28	5.06	5.71	50	7.12	8.02
29	5.12	5.78	51	7.25	8.18
30	5.19	5.85	52	7.39	8.34
31	5.26	5.93	53	7.54	8.51
32	5.34	6.02	54	7.69	8.67
33	5.43	6.11	55	7.84	8.83
34	5.51	6.21	56	7.99	9.00
35	5.59	6.30	57	8.14	9.16
36	5.67	6.39	58	8.30	9.33
37	5.76	6.50	59	8.45	9.51

ENROLLMENT AND CLAIMS
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19. LEAVES OF ABSENCE - This section is divided into four areas involving approved leaves of absence. The first two deal with military leaves as distinguished from the final two portions which deal with leaves for illness and leaves for all other purposes.

In all of the comments pertaining to leaves of absence contained in this section of the Field Manual as well as in any of the literature describing the State's employee benefit programs, it is assumed that the leave of absence or the extension of an original leave is one which was granted by the employer at the employee's request and approved by the governing body of the public agency before the leave or the extension began. Occasionally an individual absents himself from duty without prior formal approval of the leave, and only when he is interested in purchasing this service or in the event of his disability or death, does the question arise as to whether or not this period was an approved leave of absence. It must be clear that leaves of absence cannot be granted on a retroactive basis in order to satisfy the requirements of the statute in the payment of a claim or for purposes of purchasing such leaves towards establishing a larger retirement allowance. Such retroactive granting of the leave constitutes selection against the retirement system and against all participating members and employers and therefore cannot be honored for retirement system purposes.

Employees who have applied for and are receiving periodic Workmen's Compensation benefits are not considered as individuals on leaves of absence during the period in which such monies are paid. (See section 59)

- 19.1 MILITARY LEAVES OF ABSENCE: GENERAL COMMENTS - The general statutes are designed to protect the employee who enters the military service so that all of his rights to compensation and pensions are continued as if his public service had not been interrupted. The employer, therefore, is required to make contributions that the member would have made to the pension fund had he not entered the military service and applied for military leave. However, the employee cannot receive credit

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19.1 in the retirement system for military service rendered prior to
Cont'd. his entrance into public employment in New Jersey. The Division
of Pensions has been advised by the Internal Revenue Service as
to the taxability of the employer's contributions to the retirement
system on behalf of an employee who is on military leave; it was
held that the contribution paid by the employer does not result in
taxable income to the employee and it is not taxable until it is dis-
tributed and made available to the employee.

The person in the military service, however, is ineligible for
retirement until the termination of the military leave of absence
and his separation from the military service. Thus, the employee
must return to public employment in New Jersey in order to qualify
for retirement. In fact, where an individual has been honorably dis-
charged from the military service and has not resumed the public
office he previously held and from which he was granted a military
leave, and during which period the employer has made his pension
contributions, payments by the employer should continue up to a
period of three months from the date of discharge. No payments
are to continue beyond such period and should halt upon his resigna-
tion or separation from public employment if it can be concluded that
he has abandoned his public employment.

It is clear that the intent of the general statutes is to provide a leave
of absence in order to protect the public employees who are perform-
ing military service during times of national crisis. However, no
such protection is intended for those who voluntarily re-enter or
continue on a career basis since at that time it must be deemed that
they have abandoned the public service for the military service. Aban-
donment is a question of fact to be determined by the agency concerned
after an examination of the particular circumstances present in each
case. Generally, abandonment may be inferred from voluntary continuance
or resumption of a military career beyond the termination date of any
initial period of service, whether or not that original service was in-
curred voluntarily or by obligation.

Since the employee must return to public employment in New Jersey
in order to be eligible for a pension, he cannot retire while he is still
in the military service even though he might otherwise meet the age
and service requirements.

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The statutes permit the member to withdraw the contributions made by the employer during military leave but only if the employee is returned to the payroll and contributes to the system for a period of 90 days. The employee does not have to return to the particular employer who is making such contributions; however, it is clear that the employee must return to public employment in New Jersey and make contributions to the same retirement system.

Finally, special veteran's benefits are payable by the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund if the veteran member meets both the age and service requirements. However, the veteran must remain in the active service and meet both the service and age qualifications in order to be eligible for the special veteran's benefits. The special half-pay, veteran's benefit cannot be vested even if the individual has 20 years of service. If the veteran member is on leave of absence without pay, he will not be able to qualify for the special veteran's benefit since he must be in the compensated, active service when he meets both the age and service requirements.

- 19.11 **MILITARY LEAVES OF ABSENCE, STATE EMPLOYEES** - When a State employee is granted an approved leave of absence for military service, there are distinct pension implications. Below are specified such implications as they apply to the different types of military leave and particularly as they apply to State employee members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. However, they are likewise applicable to members of the State Police Retirement System and the Prison Officers' Pension Fund. The discussion of the implications of military leaves as they are applicable to employees of the State's political subdivisions begins with section 19.11A, etc.

There are four types of military leave which are discussed in detail below:

- (a) Military leave of absence with full pay--annual active duty for training
- (b) Military leave of absence without pay
- (c) Active duty for training for 3 to 6 months--The amendment to Reserve Forces Act of 1955, 50 USCA 1013(c), C. 655, provides that persons may enlist in a special enlistment program to aid the

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strength of the ready reserve for an initial period of active duty for training of not less than 3 months or more than 6 months.

(d) Military leave of absence with differential pay entitlement:

1. Cash Payable - The employee is paid the cash differential between his State pay and his military pay and allowances.
2. No Cash Payable - Although the employee is granted a leave with differential pay entitlement, he actually receives no cash because his military pay and allowances exceed his State pay.

When a State employee is granted a military leave of absence, his personnel officer should promptly file with the Division of Pensions a copy of the Civil Service form #21, covering the leave of absence. It should clearly indicate the specific type of military leave the employee was granted, the date the leave began, whether differential cash wages are payable and, if so, the amount thereof.

19.2 MILITARY LEAVE OF ABSENCE WITH FULL PAY--ANNUAL ACTIVE DUTY FOR TRAINING - Any member of the U.S. Armed Forces Reserves or National Guard Components who is granted a military leave of absence with pay to engage in annual active duty for training and who continues on the State payroll at full pay during the leave of absence will be considered as continuing in active employment for pension, Social Security, group life insurance, Supplemental Annuity and the State Health Benefits programs.

19.3 MILITARY LEAVE OF ABSENCE WITHOUT PAY:

19.31 PENSION COVERAGE - N.J.S.A. 38:23-6 provides that the employer must pay to the retirement system the full employee pension contribution based on the amount of compensation that the employee would be entitled to receive if he were still in active employment. The pension contribution is calculated at the member's full pension rate with no reduction for Social Security. Payments which have been scheduled for arrears, back deductions, or loans will be re-scheduled at the termination of the military leave of absence.

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- 19.32 **NON-CONTRIBUTORY LIFE INSURANCE** - Non-contributory insurance coverage terminates 93 days after the military leave of absence begins. During the 93-day period (plus the 31-day grace period) the employee may convert his coverage to an individual policy issued by the carrier, the Prudential Insurance Company, by contacting his local Prudential Insurance Company agent. If the member does not convert to an individual policy, non-contributory insurance coverage will resume when he returns to the payroll after the military leave of absence has terminated.
- 19.33 **CONTRIBUTORY LIFE INSURANCE** - The employee may continue contributory insurance coverage for only the first 93 days of the military leave of absence by making personal remittances of the premium to the retirement system. The premium, a specific percentage of salary, must be remitted monthly, in advance. During the 93-day period (plus the 31-day grace period) the member may convert his coverage to an individual policy issued by the carrier, the Prudential Insurance Company. If he does not convert to an individual policy, contributory insurance coverage will resume when he returns to the payroll.
- 19.34 **SOCIAL SECURITY TAX** - As the employee is receiving no wages from the State during the military leave of absence, no Social Security tax liability is incurred.
- 19.35 **SUPPLEMENTAL VARIABLE ANNUITY** - Payments will terminate pending the employee's return to the payroll.
- 19.36 **STATE HEALTH BENEFITS** - The coverage will resume when the employee returns to the payroll after the military leave of absence has terminated. (See section 19.91)
- 19.4 **ACTIVE DUTY FOR TRAINING FOR A PERIOD OF 3 TO 6 MONTHS** - The Attorney General has ruled that employers are not required to make pension contributions for employees who are on a military leave of absence for "Active Duty for Training" which is currently for a period of not less than 3 months or more than 6 months.

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The member will receive no pension credit for the period of the leave of absence because no contributions have been remitted on his behalf. In the Public Employees' Retirement System, the member will have an opportunity to purchase pension credit for the leave of absence after the leave has terminated. The member should then contact the Division to determine the cost of purchasing pension credit. It may be paid in a lump sum or scheduled as extra payroll deductions.

Non-contributory insurance coverage terminates 93 days after the leave of absence began but coverage will resume when the member returns to active employment.

Contributory insurance coverage may be continued for the first 93 days of the leave of absence. If the member wishes to continue such coverage for the 93-day period, he should make personal remittances of insurance premiums directly to the retirement system, monthly, in advance. Contributory insurance coverage will resume on return to active employment.

Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the termination of the leave while contributions to the Supplemental Annuity and State Health Benefits programs will be resumed on return to active employment.

19.5 MILITARY LEAVE OF ABSENCE WITH DIFFERENTIAL PAY ENTITLEMENT, CASH PAYABLE - Employee receives cash wages from the State.

19.51 PENSION COVERAGE - A pension contribution should be deducted from the cash wages that the employee is entitled to receive. The contribution is calculated at the net pension rate (full rate after the maximum wages subject to Social Security) on the base salary that the employee would be entitled to receive had he continued in active employment.

19.52 NON-CONTRIBUTORY LIFE INSURANCE - Non-contributory insurance coverage will continue during the entire period of a military leave of absence with pay.

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- 19.53 **CONTRIBUTORY LIFE INSURANCE** - If the employee had contributory insurance coverage immediately prior to the military leave of absence, the employer must deduct from his cash wages the specific percentage of the base salary that he would be entitled to receive were he still in active employment. Contributory insurance coverage will continue during the entire period of a military leave of absence with pay.
- 19.54 **SOCIAL SECURITY TAX** - Social Security tax must be deducted from the actual cash wages that the employee is paid by the State.
- 19.55 **EMPLOYER LIABILITY** - If the differential cash wages are insufficient to cover pension contributions and Social Security tax liability, in accordance with the above, the employer is liable for any difference in the pension contribution. In determining employer liability, deductions should be made from the employee's differential cash wages in the following order:
- (a) **SOCIAL SECURITY TAX** - Since tax liability is calculated on cash wages, the employee is always liable for the entire employee Social Security tax liability.
 - (b) **PENSION CONTRIBUTION** - If the cash wages are insufficient to cover Social Security tax liability and pension contributions, the employer must pay the balance of the pension contribution which is not covered by the employee's cash wages.
 - (c) **EXTRA PENSION DEDUCTIONS** - If differential cash wages are sufficient, deductions should be made for outstanding arrears, back deductions or loans. Otherwise, they will be rescheduled at the termination of the leave of absence.

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- (d) CONTRIBUTORY LIFE INSURANCE - If the cash wages are insufficient to cover Social Security tax, pension contributions and contributory insurance, the employer is never liable for any portion of the contributory insurance premium. The employee must pay the contributory insurance premium monthly, in advance, by direct remittance to the retirement system.
- (e) SUPPLEMENTAL VARIABLE ANNUITY - If differential cash wages are sufficient, deductions should likewise be made for the Supplemental Annuity program or they will be resumed on return from the leave. However, if the employee is participating subject to a salary reduction agreement for the purchase of a tax-sheltered annuity, the reduction must be applied to the actual cash wages paid rather than to the employee's base salary received prior to the leave, since such cash wages will be less than the former base salary.
- (f) STATE HEALTH BENEFITS - The coverage will resume when the employee returns to the payroll after the military leave of absence has terminated. (See section 19.91)

19.6 MILITARY LEAVE OF ABSENCE WITH DIFFERENTIAL PAY ENTITLEMENT, NO CASH PAYABLE - The employee receives no cash wages because his military pay and allowances are in excess of the pay which he would be entitled to receive if he were still actively employed. The Attorney General has held that the type of leave that is granted is the controlling factor in determining pension and insurance status; an employee who is granted a military leave of absence with pay, even though he receives no cash wages, shall be considered basically the same as an employee who receives cash wages on a "military leave of absence with differential pay entitlement." (See 19.5 above)

19.61 PENSION CONTRIBUTIONS - The employer is required to pay to the retirement system the employee's full pension contribution based on the amount of compensation that the employee would be entitled to receive if he were in active employment. The pension contribution is calculated at the member's full pension rate with no reduction for Social Security. Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the termination of the military leave of absence.

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- 19.62 NON-CONTRIBUTORY LIFE INSURANCE - Non-contributory insurance coverage continues for the entire period of the military leave of absence.
- 19.63 CONTRIBUTORY LIFE INSURANCE - The employee may continue contributory insurance coverage for the entire period of the military leave of absence with pay by making personal remittances of the premium monthly, in advance, to the retirement system.
- 19.64 SOCIAL SECURITY TAX - As the employee is receiving no cash wages, there is no Social Security tax liability.
- 19.65 SUPPLEMENTAL VARIABLE ANNUITY - Payments will terminate pending the employee's return to the payroll.
- 19.66 STATE HEALTH BENEFITS - The coverage will resume when the employee returns to the payroll after the military leave of absence has terminated. (See section 19.91)

19.11A MILITARY LEAVES OF ABSENCE, EMPLOYEES OF STATE'S POLITICAL SUBDIVISIONS - When a public employee is granted an approved leave of absence for military service, there are distinct pension implications. Below are specified such implications as they apply to the different types of military leave and particularly as they apply to members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund employed by the State's political subdivisions. However, they are likewise applicable to members of the Consolidated Police and Firemen's Pension Fund and the Police and Firemen's Retirement System.

There are four types of military leave which are discussed in detail below:

- (a) Military leave of absence with full pay--annual active duty for training
- (b) Military leave of absence without pay

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- (c) Active duty for training for 3 to 6 months--The amendment to Reserve Forces Act of 1955, 50 USCA 1013(c), c. 655, provides that persons may enlist in a special enlistment program to aid the strength of the ready reserve for an initial period of active duty for training of not less than 3 months or more than 6 months.

- (d) Military leave of absence with differential pay entitlement:
 - 1. Cash Payable - The employee is paid the cash differential between his civilian pay and his military pay and allowances.

 - 2. No Cash Payable - Although the employee is granted a leave with differential pay entitlement, he actually receives no cash because his military pay and allowances exceed his civilian pay.

When an employee is granted a military leave of absence, his personnel officer, the Secretary of the Board of Education or the certifying agent of the public employer should promptly file with the Division of Pensions a copy of the resolution granting the leave of absence. It should clearly indicate the specific type of military leave the employee was granted, the date the leave began, whether differential cash wages are payable and, if so, the amount thereof.

- 19.2A **MILITARY LEAVE OF ABSENCE WITH FULL PAY--ANNUAL ACTIVE DUTY FOR TRAINING** - Any member of the U. S. Armed Forces Reserves or National Guard Components who is granted a military leave of absence with pay to engage in annual active duty for training and who continues on the payroll at full pay during the leave of absence will be considered as continuing in active employment for pension, Social Security, group life insurance, Supplemental Annuity and the State Health Benefits programs.

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19.3A MILITARY LEAVE OF ABSENCE WITHOUT PAY:

19.31A PENSION COVERAGE - N.J.S.A. 38:23-6 provides that the employer must pay to the retirement system the full employee pension contribution based on the amount of compensation that the employee would be entitled to receive if he were still in active employment. The pension contribution is calculated at the member's full pension rate with no reduction for Social Security. Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the termination of the military leave of absence.

19.32A NON-CONTRIBUTORY LIFE INSURANCE - Non-contributory insurance coverage terminates 93 days after the military leave of absence begins. During the 93-day period (plus the 31-day grace period) the employee may convert his coverage to an individual policy issued by the carrier, the Prudential Insurance Company, by contacting his local Prudential Insurance Company agent. If the member does not convert to an individual policy, non-contributory insurance coverage will resume when he returns to the payroll after the military leave of absence has terminated.

19.33A CONTRIBUTORY LIFE INSURANCE - The employee may continue contributory insurance coverage for only the first 93 days of the military leave of absence by making personal remittances of the premium to the retirement system. The premium, a specific percentage of salary, must be remitted monthly, in advance. During the 93-day period (plus the 31-day grace period) the member may convert his coverage to an individual policy issued by the carrier, the Prudential Insurance Company. If he does not convert to an individual policy, contributory insurance coverage will resume when he returns to the payroll.

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- 19.34A SOCIAL SECURITY TAX - As the employee is receiving no wages from his civilian employer during the military leave of absence, no Social Security tax liability is incurred.
- 19.35A SUPPLEMENTAL VARIABLE ANNUITY - Payments will terminate pending the employee's return to the payroll.
- 19.36A STATE HEALTH BENEFITS - The coverage will resume when the employee returns to the payroll after the military leave of absence has terminated. (See section 19.91)
- 19.37A PENSION REPORTING - When the employee begins a "Military Leave of Absence Without Pay" it should so be indicated in the Remarks Column of the Quarterly Report of Contributions. In subsequent reports an "M" will be shown in column 11, the pension will be calculated at the full pension rate and the pension contribution should be paid by the employer and remitted with the Report of Contributions.

- 19.4A ACTIVE DUTY FOR TRAINING FOR A PERIOD OF 3 TO 6 MONTHS - The Attorney General has ruled that employers are not required to make pension contributions for employees who are on a military leave of absence for "Active Duty for Training" which is currently for a period of not less than 3 months or more than 6 months.

The employer should enter in the Remarks Column of the Quarterly Report of Contributions "Active Duty for Training 3-6 months - began (date)." Neither pension nor contributory insurance premiums should be remitted by the employer during a military leave of absence for this type of active duty for training. At the termination of the leave the employer should reenter the member's name on the Report of Contributions and resume deductions for pension and also for contributory insurance if the member had such coverage when the leave began.

The member will receive no pension credit for the period of the leave of absence, because no contributions have been remitted on his behalf. In the Public Employees' Retirement System, the member will have an opportunity to purchase pension credit for the leave of absence after the leave has terminated.

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The member should then contact the Division to determine the cost of purchasing pension credit. It may be paid in a lump sum or scheduled as extra payroll deductions.

Non-contributory insurance coverage terminates 93 days after the leave of absence began but coverage will resume when the member returns to active employment.

Contributory insurance coverage may be continued for the first 93 days of the leave of absence. If the member wishes to continue such coverage for the 93-day period, he should make personal remittances of insurance premiums directly to the retirement system, monthly, in advance. Contributory insurance coverage will resume on return to active employment.

Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the termination of the leave while contributions to the Supplemental Annuity and State Health Benefits programs will be resumed on return to active employment.

19.5A MILITARY LEAVE OF ABSENCE WITH DIFFERENTIAL PAY ENTITLEMENT, CASH PAYABLE - Employee receives cash wages from civilian public employer:

19.51A PENSION COVERAGE - A pension contribution should be deducted from the cash wages that the employee is entitled to receive. The contribution is calculated at the net pension rate (full rate after the maximum wages subject to Social Security) on the base salary that the employee would be entitled to receive had he continued in active employment.

19.52A NON-CONTRIBUTORY LIFE INSURANCE - Non-contributory insurance coverage will continue during the entire period of a military leave of absence with pay.

19.53A CONTRIBUTORY LIFE INSURANCE - If the employee had contributory insurance coverage immediately prior to the military leave of absence the employer must deduct from his cash wages the specific percentage of the base salary that he would be entitled to receive were he still in active employment. Contributory insurance coverage will continue during the entire period of a military leave of absence with pay.

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- 19.54A SOCIAL SECURITY TAX - Social Security tax must be deducted from the actual cash wages that the employee is paid by his civilian public employer.
- 19.55A EMPLOYER LIABILITY - If the differential cash wages are insufficient to cover pension contributions and Social Security tax liability, in accordance with the above, the employer is liable for any difference in the pension contribution. In determining employer liability, deductions should be made from the employee's differential cash wages in the following order:
- (a) SOCIAL SECURITY TAX - Since tax liability is calculated on cash wages, the employee is always liable for the entire employee Social Security tax liability.
 - (b) PENSION CONTRIBUTION - If the cash wages are insufficient to cover Social Security tax liability and pension contributions, the employer must pay the balance of the pension contribution which is not covered by the employee's cash wages.
 - (c) EXTRA PENSION DEDUCTIONS - If differential cash wages are sufficient, deductions should be made for outstanding arrears, back deductions or loans. Otherwise, they will be rescheduled at the termination of the leave of absence.
 - (d) CONTRIBUTORY LIFE INSURANCE - If the cash wages are insufficient to cover Social Security tax, pension contributions and contributory insurance, the employer is never liable for any portion of the contributory insurance premium. The employee must pay the contributory insurance premium monthly, in advance, by direct remittance to the retirement system.

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- (e) SUPPLEMENTAL VARIABLE ANNUITY - If differential cash wages are sufficient, deductions should likewise be made for the Supplemental Annuity program or they will be resumed on return from the leave. However, if the employee is participating subject to a salary reduction agreement for the purchase of a tax-sheltered annuity, the reduction must be applied to the actual cash wages paid rather than to the employee's base salary received prior to the leave, since such cash wages will be less than the former base salary.
- (f) STATE HEALTH BENEFITS - The coverage will resume when the employee returns to the payroll after the military leave of absence has terminated. (See section 19.91)

19.56A PENSION REPORTING - If an employee is granted a military leave of absence with pay and is entitled to differential cash wages, this should fully be noted in the Remarks Column of the Quarterly Report of Contributions. The employee will be considered identically the same as an active employee and there will be no indication in column 11 that he is on a military leave of absence. Pension contributions should be remitted with the Quarterly Report of Contributions. Insurance premiums should be remitted if they are deducted from cash wages; if cash wages are insufficient to cover the insurance payment, the employee's base wages should not be considered in calculating the employer's insurance remittance.

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- 19.6A **MILITARY LEAVE OF ABSENCE WITH DIFFERENTIAL PAY ENTITLEMENT, NO CASH PAYABLE** - The employee receives no cash wages because his military pay and allowances are in excess of the pay which he would be entitled to receive if he were still actively employed. The Attorney General has held that the type of leave that is granted is the controlling factor in determining pension and insurance status; an employee who is granted a military leave of absence with pay, even though he receives no cash wages, shall be considered basically the same as an employee who receives cash wages on a "Military Leave of Absence With Differential Pay Entitlement." (See 19.5A above)
- 19.61A **PENSION CONTRIBUTIONS** - The employer is required to pay to the retirement system the employee's full pension contribution based on the amount of compensation that the employee would be entitled to receive if he were in active employment. The pension contribution is calculated at the member's full pension rate with no reduction for Social Security. Payments which have been scheduled for arrears, back deductions or loans will be rescheduled at the termination of the military leave of absence.
- 19.62A **NON-CONTRIBUTORY LIFE INSURANCE** - Non-contributory insurance coverage continues for the entire period of the military leave of absence.
- 19.63A **CONTRIBUTORY LIFE INSURANCE** - The employee may continue contributory insurance coverage for the entire period of the military leave of absence with pay by making personal remittances of the premium monthly, in advance, to the retirement system.
- 19.64A **SOCIAL SECURITY TAX** - As the employee is receiving no cash wages, there is no Social Security tax liability.
- 19.65A **SUPPLEMENTAL VARIABLE ANNUITY** - Payments will terminate pending the employee's return to the payroll.
- 19.66A **STATE HEALTH BENEFITS** - The coverage will resume when the employee returns to the payroll after the military leave of absence has terminated. (See section 19.91)

ENROLLMENT AND CLAIMS
LEAVES OF ABSENCE

19.67A PENSION REPORTING - The employer should indicate in the Remarks Column of the Quarterly Report "Military Leave of Absence With Pay - no cash wages - began (date)". Base wages of the employee will not be considered in calculating the total contributory insurance premium that the employer must remit with the report. An "M" will be shown in column 11 indicating that the employee is on military leave. The pension contribution must be remitted with the Report of Contributions.

19.7 LEAVES OF ABSENCE FOR ILLNESS - When a public employee is granted an approved leave of absence for illness, there are distinct pension implications. Below are specified such implications as they apply to members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. However, they are generally applicable to all State-administered retirement systems.

When an employee files and receives an award for periodic Workmen's Compensation benefits, he is not considered to be on a leave of absence for illness or for any other reason. This is true even if the individual is paid cash wages supplementing any award of Workmen's Compensation payments. It may be that prior to the filing and award of a claim under Workmen's Compensation, the individual was granted a leave of absence and during such approved leave, his pension status is that, as described below, of an employee on a leave of absence for illness or any other purpose, with or without pay. However, once the award is made, his status is altered. For a discussion of the pension implications of a member of the State-administered retirement systems who is receiving periodic benefits under Workmen's Compensation, please see section 59.

ENROLLMENT AND CLAIMS
LEAVES OF ABSENCE

- 19.71 LEAVES OF ABSENCE FOR ILLNESS, WITH PAY -
The employee is paid cash wages which are sufficient to meet the cost of pension, contributory life insurance and Social Security taxes. In the Public Employees' Retirement System the employee will be considered as continuing in active employment for all purposes.

In the Teachers' Pension and Annuity Fund, during any such leave where the cash received is 50% or more of the employee's normal compensation, the employee will likewise be considered as continuing in active employment for all purposes. However, if the cash wages received are less than 50% of the employee's normal compensation, the employer will continue to make deductions for pension and contributory life insurance only until the end of the school year. Such deductions are continued applicable to the full, contractual or base salary in effect prior to the leave.

If cash wages are sufficient, deductions should likewise be made for the Supplemental Variable Annuity program or they will be resumed on return from the leave. However, if the employee is participating subject to a salary reduction agreement for the purchase of a tax-sheltered annuity, the reduction must be applied to the actual cash wages paid rather than to the employee's base salary received prior to the leave, since such cash wages will be less than the former base salary.

If the cash received is 50% or more of the employee's normal compensation or if the employee is performing on a basis equivalent to 20 hours per week, deductions should likewise be made for the State Health Benefits program or they will be resumed on return from the leave. If either test cannot be met by the employee on leave, he may continue coverage for only the first 3 months of the leave by making personal remittance of the total premium to his employer. The total will include the cost for employee and dependent charges. The premium must be remitted for the entire 3-month period in advance (the premium for 6 bi-weekly pay periods in the case of State employees paid by the Centralized Payroll Section). The coverage will resume when he returns to the payroll after the leave has terminated.

ENROLLMENT AND CLAIMS
LEAVES OF ABSENCE

- 19.72 LEAVES OF ABSENCE FOR ILLNESS, WITHOUT PAY:
- 19.73 PENSION CONTRIBUTIONS - The member will receive no pension credit for the period of the leave of absence, because no contribution should be remitted on his behalf. In the Public Employees' Retirement System, the member will have an opportunity to purchase pension credit for the leave of absence after the leave has terminated. In the Teachers' Pension and Annuity Fund, the member may purchase such leave, if it is for less than a 3-month period, upon return to employment. The member should then contact the Division to determine the cost of purchasing pension credit. It may be paid in a lump sum or scheduled as extra payroll deductions.
- 19.74 EXTRA PENSION DEDUCTIONS - Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the termination of the leave of absence.
- 19.75 NON-CONTRIBUTORY AND CONTRIBUTORY LIFE INSURANCE - Non-contributory insurance coverage will continue during a period of an approved leave of absence for illness of up to 2 years or for 1 year in the case of a leave due to maternity. In the State Police Retirement System, the period is limited to 93 days.
- Contributory insurance coverage will continue during a period of an approved leave of absence for illness of up to 2 years or for 1 year in the case of a leave due to maternity. No contributions are prescribed.
- 19.76 SOCIAL SECURITY TAX - As the employee is receiving no cash wages, there is no Social Security tax liability.
- 19.77 SUPPLEMENTAL VARIABLE ANNUITY - Payments will terminate pending the employee's return to the payroll.

ENROLLMENT AND CLAIMS
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- 19.78 STATE HEALTH BENEFITS - Deductions will be resumed on return from the leave. However, the employee may continue coverage for only the first 3 months of the leave by making personal remittance of the total premium to his employer. The total will include the cost for employee and dependent charges. The premium must be remitted for the entire 3 month period in advance (the premium for 6 bi-weekly pay periods in the case of State employees paid by the Centralized Payroll Section). The coverage will resume when he returns to the payroll after the leave has terminated.
- 19.79 PENSION REPORTING - The local employer should indicate in the Remarks Column of the Quarterly Report, "Sick leave of absence--began (date)." Both the State and local government employer is required to file a statement of the approved leave of absence for illness or maternity with the retirement system, stipulating the exact period of such leave.
- 19.8 LEAVES OF ABSENCE FOR ALL OTHER PURPOSES - When a public employee is granted an approved leave of absence for reasons other than illness, maternity or military service, there are distinct pension implications. Below are specified such implications as they apply to members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. However, they are generally applicable to members of all State-administered retirement systems.
- 19.81 LEAVE OF ABSENCE FOR ALL OTHER PURPOSES, WITH PAY - The employee is paid cash wages which are sufficient to meet the cost of pension, contributory life insurance and Social Security taxes. The employee will normally be considered as continuing in active employment for all purposes in the Public Employees' Retirement System and most other State-administered systems.

In the Teachers' Pension and Annuity Fund, any such leave, including sabbaticals, where the cash received is 50% or more of the employee's normal compensation, the employee will likewise be considered as continuing in active employment for all purposes. However, if the cash wages received are less than 50% of the employee's normal compensation, the employer will continue to make deductions for pension and contributory life insurance only until the end of the school year.

ENROLLMENT AND CLAIMS
LEAVES OF ABSENCE

Such deductions are continued applicable to the full, contractual or base salary in effect prior to the leave.

If cash wages are sufficient, deductions should likewise be made for the Supplemental Variable Annuity program or they will be resumed on return from the leave. However, if the employee is participating subject to a salary reduction agreement for the purchase of a tax-sheltered annuity, the reduction must be applied to actual cash wages paid rather than to the employee's base salary received prior to the leave, since such cash wages will be less than the former base salary.

If the cash received is 50% or more of the employee's normal compensation or if the employee is performing on a basis equivalent to 20 hours per week, deductions should likewise be made for the State Health Benefits program or they will be resumed on return from the leave. If either test cannot be met by the employee on leave, he may continue coverage for only the first 3 months of the leave by making personal remittance of the total premium to his employer. The total will include the cost for employee and dependent charges. The premium must be remitted for the entire 3-month period in advance (the premium for 6 bi-weekly pay periods in the case of State employees paid by the Centralized Payroll Section). The coverage will resume when he returns to the payroll after the leave has terminated.

19.82 LEAVES OF ABSENCE FOR ALL OTHER PURPOSES, WITHOUT PAY:

19.83 PENSION CONTRIBUTIONS - The member will receive no pension credit for the period of the leave of absence, because no contributions should be remitted on his behalf. In the Public Employees' Retirement System, the member will have an opportunity to purchase credit for the leave of absence after the leave has terminated. In the Teachers' Pension and Annuity Fund, the member may purchase such leave, if it is for less than a 3-month period or the period of an approved leave for Exchange Teaching or Fulbright Scholarship. (See section 41.5)

ENROLLMENT AND CLAIMS
LEAVES OF ABSENCE

19.84 EXTRA PENSION DEDUCTIONS - Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the termination of the leave of absence.

19.85 NON-CONTRIBUTORY AND CONTRIBUTORY LIFE INSURANCE - Non-contributory insurance coverage will continue during the period of an approved leave of absence for any purpose, other than illness or maternity, of up to 93 days.

Contributory insurance coverage will continue during the period of an approved leave of absence for any purpose, other than illness or maternity, of up to 93 days. However, the employee must pay the contributory insurance premium monthly, in advance, by direct remittance to the retirement system.

19.86 SOCIAL SECURITY TAX - As the employee is receiving no cash wages, there is no Social Security tax liability.

19.87 SUPPLEMENTAL VARIABLE ANNUITY - Payments will terminate pending the employee's return to the payroll.

19.88 STATE HEALTH BENEFITS - Deductions will be resumed on return from the leave. However, the employee may continue coverage for only the first 3 months of the leave by making personal remittance of the total premium to his employer. The total will include the cost for employee and dependent charges. The premium must be remitted for the entire 3-month period, in advance (the premium for 6 bi-weekly pay periods in the case of State employees paid by the Centralized Payroll Section). The coverage will resume when he returns to the payroll after the leave has terminated.

19.89 PENSION REPORTING - The local employer should indicate in the Remarks Column of the Quarterly Report, "Leave of Absence--began (date)." Both the State and local government employer is required to file a statement of the approved leave of absence with the retirement system, stipulating the exact period of such leave.

ENROLLMENT AND CLAIMS
LEAVES OF ABSENCE

- 19.91 LEAVES OF ABSENCE AND STATE HEALTH BENEFITS:
GENERAL COMMENTS - The statute covering the State Health Benefits program prescribes coverage for only full time employees. However, where an individual is already covered and receives an approved leave of absence, for whatever purpose other than for military leave, he will continue to be covered under the program as long as he receives 50% or more of his normal compensation during the period of the leave or if he continues to perform on a basis equivalent to 20 hours per week, the norm established for full time participation for employees of the State's political subdivisions. However, if he does not receive such compensation or does not perform such hours of work during the leave, the employee can continue coverage for only the first 3 months of the leave by making personal remittance of the total premium to his employer. The total includes the cost for both the employee and the dependent charges. The 3 month period begins with the first of the month following the month in which the leave began. The coverage will be resumed upon his return from the leave. However, his coverage does not end as abruptly as indicated.

It is automatic that at the end of this 3 month period his participation in the program will be terminated but upon the receipt of such termination notice, the carriers of the basic hospitalization and medical, surgical coverage, New Jersey's Blue Cross and Blue Shield plans, are obligated to offer a direct payment plan to him for himself and his dependents. Likewise, when he returns from the leave his coverage will be resumed automatically and the direct payment obligation will terminate. With respect to the major medical program, if any disability or illness was incurred during the period in which he was covered before or during the period of the leave for which contributions were made by his employer or by him to his employer, all eligible charges, subject to the provisions of the contract, attributable to such illness or disability will be covered up to the end of the calendar year following the year in which the disability or illness took place.

ENROLLMENT AND CLAIMS
LEAVES OF ABSENCE

19. 92 LEAVES OF ABSENCE AND SUSPENSIONS OR INDICTMENTS -
An employee who is off the payroll under departmental charges or indicted for a crime of moral turpitude, is not considered to be on leave of absence but rather his membership in the retirement system is considered in suspense pending a decision on such charges or indictment. If the dismissal of the charges or a judgment that the employee was not guilty is rendered, then provision is normally made for the payment of back wages. Upon payment of such back wages, the individual's pension credit and insurance status is restored as it would have been if such charges or indictment has not been made.

If the employee is found guilty of a crime of moral turpitude and convicted, then applications for retirement would have to be denied since most of the retirement statutes require that benefits be paid on the basis of honorable service only. Even a subsequent pardon does not alter the decision that no honorable service was performed and therefore benefits will continue to be denied.

However, where a pension has already been granted and the individual is indicted, there is no authority for withholding the payment of the pension pending the trial for the indictment of the criminal act which may or may not have had any connection with the position formerly held. However, the pension cannot be paid to any person who is confined in a penal institution as a result of a conviction of a crime involving moral turpitude. The period during which the pension would not be paid is limited to the period of confinement so there is no right to suspend payment pending trial on the indictment. However, N.J.R.S. 43:1-2 does not prevent the payment of the pension for the sole benefit of parents, wives, or minor children if the pension fund determines that the pension is necessary for their maintenance during the period in which the pensioner is confined. (See section 90.2)

An employee who has been suspended cannot apply for a refund of his contributions to the retirement system since his status has not been clarified. However, where the employee decides not to appeal his suspension or dismissal and resigns his position, he may then receive a refund of his contributions to the retirement system.

ENROLLMENT AND CLAIMS
CLAIMS

20. THE CLAIMS SECTION - The Claims Section deals with claims for death benefits for members of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, the Police and Firemen's Retirement System and the State Police Retirement System. Withdrawal applications are processed for members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund.

Specific information concerning non-contributory and contributory group insurance which may be relevant at the time of enrollment is reviewed in section 14.1, et seq.

21. DEATH BENEFITS - These benefits consist primarily of the payment of group insurance claims, non-contributory and contributory, in the case of death before or after retirement. Also involved in the case of death before retirement would be the return of the member's contributions with interest for members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. Pension contributions are refunded to a member's beneficiary in the Police and Firemen's Retirement System provided death was not the result of an accident in the course of employment. In cases of accidental deaths, a monthly annuity based on the member's contributions is payable to the member's widow or children.

In the State Police Retirement System the member's contributions are not refunded since a monthly pension benefit is payable to an eligible survivor. Only in cases where the member left no eligible survivor will the pension contributions be refunded to his beneficiary or estate.

ENROLLMENT AND CLAIMS CLAIMS

In the case of service connected death, the Claims Section will provide for the return of contributions, if applicable, make payment of contributory insurance, if any, and provide for the transfer of the insurance payment under the non-contributory insurance program to the policyholder in those systems where the transfer is prescribed. The claim will then be referred to the Retirement Bureau where the service connected death benefits payable to the survivors of the deceased member will be calculated and awarded. This matter is further discussed in section 22.3.

With respect to death after retirement, the Claims Section also calculates and processes the payment of benefits payable to a beneficiary or their estate under the option selected by the member at retirement.

21.1 EFFECTIVE DATE OF GROUP LIFE INSURANCE PROGRAMS -

Non-contributory death benefits have been provided by the Teachers' Pension and Annuity Fund since January 1, 1956. Effective January 1, 1958, additional contributory insurance was provided and the death benefits were covered by a group life insurance policy.

Non-contributory death benefits have been provided by the Public Employees' Retirement System since January 1, 1955. Effective December 1, 1956, additional contributory insurance was provided and the death benefits were covered by a group policy.

Non-contributory death benefits have been provided for members of the Police and Firemen's Retirement System since July 1, 1953. Effective October 1, 1954, additional contributory death benefits were provided and the death benefits were on a self-insured basis. However, on July 1, 1965 the non-contributory and the additional death benefits were underwritten by an insurance carrier.

ENROLLMENT AND CLAIMS CLAIMS

Contributory life insurance benefits have been provided to members of the State Police Retirement System since October 1, 1925. Effective August 1, 1965 a new contributory life insurance plan was established for active members of the State Police Retirement System. Former members of the State Police Benevolent Fund, which was abolished on July 1, 1965 and who had retired prior to July 1, 1965, were given the privilege of electing to carry the additional insurance coverage, which was available to them in the former system, upon their retirement. The former active members of the State Police Benevolent Fund could be covered at retirement by the additional insurance benefits of the former plan provided they requested coverage prior to July 1, 1966.

On June 18, 1966, legislation was adopted canceling the contributory insurance program and members of the State Police System were provided life insurance protection under a completely non-contributory policy.

The complete terms of the group life insurance coverages are set forth in the group insurance policies; insured members receive individual certificates outlining the benefits.

- 21.2 AMOUNT OF GROUP LIFE INSURANCE, NON-CONTRIBUTORY -
The amount of the non-contributory insurance coverage is the same in all systems with the exception of the State Police Retirement System. In the case of insured members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System who die under the age of 70 while in service or those under the age of 60 who die after retirement for disability, the beneficiaries will receive $1\frac{1}{2}$ times the salary upon which pension contributions were made by the member in the last year of service. Members who die after the age of 70 while still in service or members who have retired and who die after the age of 60 are covered by an insurance benefit equivalent to $\frac{3}{16}$ ths times the base salary they received in the last year of service.

ENROLLMENT AND CLAIMS CLAIMS

In the case of insured members of the Police and Firemen's Retirement System who die before the age of 65 while in service or those less than age 55 who die after retirement for disability, the beneficiaries will receive $1\frac{1}{2}$ times the compensation received by the member in the last year of service. Retirement is compulsory for members of the Police and Firemen's Retirement System at age 65 and all members who die after the age of 65 or after retirement for any reason other than disability, would be covered by an insurance benefit equal to $\frac{3}{16}$ ths times the base compensation they received in the last year of service, payable to their beneficiaries.

In the State Police Retirement System a member who dies in active service prior to age 55 is covered under the non-contributory insurance program for an amount equivalent to $3\frac{1}{2}$ times the compensation (including maintenance) he received in the last year of service prior to death. In the event the member's death occurs after an ordinary or accidental disability retirement and prior to attaining age 55, $3\frac{1}{2}$ times final compensation is paid to his designated beneficiaries. When a member's death occurs after service retirement, early retirement or after the receipt of a vested retirement benefit, $\frac{1}{4}$ of final compensation is payable to the member's designated beneficiaries.

Members of all the retirement systems, who have vested their accounts, are not covered by the non-contributory insurance benefits until they attain age 55 or 60, whichever is applicable in the particular system.

- 21.3 AMOUNT OF GROUP LIFE INSURANCE, CONTRIBUTORY - In the Teachers' Pension and Annuity Fund beneficiaries of members covered by contributory insurance would receive an insurance benefit equivalent to $1\frac{1}{2}$ times the salary upon which pension contributions were based in the last year of service prior to death, if death occurred in service before the age of 70. The amount decreases to $\frac{3}{16}$ ths times the base salary at age 70 if death occurred in service, or after service retirement, for all members who retired after January 1, 1961 who were covered by the additional insurance in their last month prior to retirement. Members who died after October 1, 1965, regardless of the date they retired or their age at retirement, are covered by a $\frac{3}{16}$ ths insurance benefit. However, the $\frac{3}{16}$ ths insurance benefit would not apply to members who vested their account and died prior to the attainment of age 60.

ENROLLMENT AND CLAIMS
CLAIMS

21.3 Cont'd. If death occurs in the first year of membership in the Teachers' Pension and Annuity Fund, the amount of the contributory insurance will be based on the full annual contractual salary instead of the actual base salary received.

In the Public Employees' Retirement System the amount of the contributory insurance coverage is 1 times the salary upon which pension contributions were based in the member's last year of service prior to death, if death occurred in service before the age of 70. The amount decreases to 3/16ths times the salary at age 70 or more.

If death occurs in the first year of membership in the Public Employees' Retirement System, the base salary used in the calculation of the contributory insurance will be based on the full annual base salary received by the member.

The contributory insurance benefit for members of the Police and Firemen's Retirement System who die in service is calculated as 2 times the compensation received by the member in the last year of service, if death occurred prior to age 65. The amount decreases to 3/16ths times the compensation at age 65. Only members who retire on a service retirement allowance or on an ordinary disability retirement allowance would be covered by a contributory insurance benefit of 3/16ths times the compensation they received in the last year of service prior to retirement.

Members of the Police and Firemen's Retirement System whose death occurred before completing one year of creditable service would have the insurance benefit based on their annual rate of compensation.

ENROLLMENT AND CLAIMS
CLAIMS

- 21.4 COST OF GROUP LIFE INSURANCE - The employer pays the cost of all non-contributory group insurance benefits for members of the Police and Firemen's Retirement System and all members of the local reporting districts of the Public Employees' Retirement System. The State pays the cost of the non-contributory insurance benefits for members of the Teachers' Pension and Annuity Fund, the State Police Retirement System and State employee members in the Public Employees' Retirement System. The statute establishes the State Treasurer as policyholder for the non-contributory insurance coverage for all systems. The policyholder for the contributory insurance coverage, in all systems, is the respective Board of Trustees.

For the contributory life insurance the members covered under the program pay one percent of base salary with the exception of the Teachers' Pension and Annuity Fund. In the Teachers' Pension and Annuity Fund the member pays 8/10ths of one percent of salary. It is important to note that in the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, the members in service who have attained the age of 70 would not pay any premiums for the contributory insurance coverage. The employer will pay the cost of the insurance coverage under the contributory program for this group of individuals.

- 21.5 ELIGIBILITY FOR COVERAGE, TEACHERS' PENSION AND ANNUITY FUND - Members of the Teachers' Pension and Annuity Fund became covered for the non-contributory death benefits on January 1, 1956. Most individuals now becoming members of the Teachers' Fund are automatically insured for both non-contributory and contributory coverage and deductions for contributory insurance are made effective with the date of their enrollment. The statute requires that the contributory insurance be carried during the first 12 months of membership.

Members of the Teachers' Fund on January 1, 1958 who did not enroll for the contributory insurance prior to January 1, 1959 are no longer eligible for this coverage.

ENROLLMENT AND CLAIMS CLAIMS

Generally, the insurance coverage is available to members of the Teachers' Fund without a medical examination. There are, however, three exceptions:

- (a) An individual who was eligible for membership in the Fund before January 1, 1956 as an optional enrollment and who enrolled in the Fund on or after January 1, 1957.
- (b) An individual who had attained age 60 upon enrollment but who was not age 60 on his compulsory enrollment date.
- (c) Members who convert their group insurance coverage to a private policy; upon return or re-enrollment such members must cancel their private insurance contract or prove insurability in order to re-establish group life insurance coverage.

- 21.6 ELIGIBILITY FOR COVERAGE, PUBLIC EMPLOYEES' RETIREMENT SYSTEM - Members of the State system on January 1, 1955 became covered for the non-contributory death benefits. Employees who are compulsorily enrolled after this date are eligible for the non-contributory insurance on the date they become members. However, if the employee who is an optional enrollment does not apply for membership within one year from the date he is first eligible to do so, he will be required to furnish evidence of insurability.

The effective date of contributory insurance for members of the Public Employees' Retirement System varies in that enrollment under this program depended on satisfying a participation requirement in each locality. Many employing units, including the State, qualified on December 1, 1956. Anyone who was a member in service of one of these units and enrolled for the contributory insurance by December 1, 1956, became covered on that date. On December 1, 1957 all those who had requested contributory insurance, in units which had not met the participation requirement, were covered under the program.

ENROLLMENT AND CLAIMS CLAIMS

21.6 Beginning with January 2, 1957 an individual becomes covered cont'd. for contributory insurance only if he is enrolled for this insurance on a day that he is performing all of his regular duties at his place of employment. If an individual was a member of the system on December 1, 1956, he would be ineligible for the contributory insurance if he did not elect coverage prior to December 1, 1957. If he becomes a member of the system after December 1, 1956, he must enroll for the contributory insurance within one year from the effective date of his membership; otherwise he will become ineligible.

Chapter 121, P.L. 1963 provided that all employees who had established membership in the retirement system after July 1, 1963 were compulsorily covered under the contributory insurance program during the first year (12 months) of membership. All members enrolled prior to July 1, 1963, who were not covered under the contributory insurance program, were given the opportunity of requesting the additional insurance coverage. However, a member had to file a health statement application, prior to June 30, 1964, which was to determine whether the member had to prove insurability prior to being granted the contributory insurance coverage.

The insurance coverage is available to members of the retirement system without a medical examination. However, there are three exceptions:

- (a) An optional enrollee who files an application for enrollment after one year has expired from the date he was originally eligible to join the retirement system, must submit to a medical examination to secure insurance coverage upon enrollment.
- (b) An individual who is age 60 or older at enrollment in the retirement system must prove insurability if he is interested in securing coverage in the contributory insurance program. A medical examination is not required for the non-contributory insurance.
- (c) Members who convert their group insurance coverage to a private policy; upon return or re-enrollment such member must cancel their private insurance contract or prove insurability in order to re-establish group life insurance coverage.

ENROLLMENT AND CLAIMS
CLAIMS

- 21.7 ELIGIBILITY FOR COVERAGE, STATE POLICE RETIREMENT SYSTEM - Members of the State Police Retirement System were covered under the non-contributory insurance program on July 1, 1965. All active members of the former State Police Benevolent Fund became automatically insured on July 1, 1965 under the non-contributory life insurance program. All new members of the State Police Retirement System would have insurance coverage on the day that they establish membership.

No medical examination is required to establish group life insurance coverage. However, there is one exception: Members who convert their group insurance coverage to a private policy; upon return or re-enrollment such member must cancel their private insurance contract or prove insurability in order to re-establish group life insurance coverage.

- 21.8 ELIGIBILITY FOR COVERAGE, POLICE AND FIREMEN'S RETIREMENT SYSTEM - Members of the Police and Firemen's Retirement System on June 30, 1965 or former retired members became insured on July 1, 1965 for the non-contributory insurance benefits under the group insurance policy.

Members who had the contributory coverage on June 30, 1965 were automatically insured on July 1, 1965. Former members who retired on a service retirement allowance or an ordinary disability allowance and who had the additional coverage at retirement automatically became insured under the new contributory insurance plan on July 1, 1965.

All individuals who establish membership after June 30, 1965 become insured immediately on the day they become a member. The statute requires the member to carry the additional insurance during the first full year (12 months) of membership.

No medical examination is required to establish group life insurance coverage. However, there is one exception: Members who convert their group life insurance coverage to a private policy; upon return or re-enrollment such member must cancel their private insurance contract or prove insurability in order to re-establish group life insurance coverage.

ENROLLMENT AND CLAIMS
CLAIMS

22.1 **BENEFICIARIES OF GROUP LIFE INSURANCE** - Life insurance will be paid to the person or persons the member names as his beneficiary. He may name anyone he wishes and he may change his beneficiary at any time by making written request. This matter of designation of beneficiary receives more adequate treatment in the section of the manual dealing with the work of the Records Section, 45.1 et seq. The new designation of beneficiary form may be obtained from the Secretary of the Board of Education, the payroll clerk, the certifying agent, or the Division of Pensions.

The beneficiary need not be an actual person. For lump sum settlements an estate, church, institution, fiduciary or other beneficiary may be named. However, it is generally desirable to name a definite person or persons as beneficiary, rather than an estate. This may save delay and expense after death.

22.2 **METHOD OF PAYMENT** - The insurance may be paid in a lump sum or in equal annual installments over a period of years or as a life annuity to a beneficiary. In addition, members may arrange with the carrier for some other method of settlement. The carrier is currently making available all the options contained in its ordinary life policies.

22.3 **GROUP LIFE INSURANCE AND ACCIDENTAL DEATH** - If a member should die in active service as a result of an accident arising out of and in the course of his regular or assigned duties, and not as a result of his own willful negligence, an accidental death benefit will become payable, providing a report of the accident is filed in the office of the retirement system within 60 days following, and complete and proper application for benefits is filed within two years thereafter. The Board of Trustees may waive the time limits if, in the judgment of the Board, the circumstances warrant such action.

A specific application for accidental death benefits must be filed by the widow, or in behalf of any dependent children under age 18, if no widow survives. The employer of the deceased member must also certify to the circumstances of the accident which caused the death of the employee.

ENROLLMENT AND CLAIMS
CLAIMS

22.3 Cont'd. Accidental Death Benefits normally include:

- a. Return of the member's accumulated contributions.
- b. Payment of contributory insurance, if in effect.
- c. An allowance to the widow, payable until remarriage, or to children under age 18, amounting to one-half of the average annual salary received by the deceased member in the five years preceding the month in which death occurred.

If there is no widow, nor any children under age 18, then the non-contributory and contributory insurance benefits, if in effect, will be payable to the named beneficiaries.

In the State Police Retirement System the member's pension contributions are withheld so that the widow is provided with a pension allowance equal to one-half of final compensation until she dies or remarries. If the widow dies or remarries while the member's youngest child is under 18, 20% of final compensation will be paid to one surviving child, 35% of final compensation to two surviving children in equal shares. Where there are three or more surviving children, 50% of final compensation is payable in equal shares to each child. If the member left no surviving widow or child, 25% of final compensation will be paid to one surviving dependent parent or 40% of final compensation will be paid in equal shares to each dependent parent.

In the Police and Firemen's Retirement System the value of the non-contributory insurance and the member's pension contributions are withheld to provide the widow with a pension allowance equal to one-half of the member's average final compensation in addition to an annuity based on the member's pension contributions, payable until she dies or remarries. If the widow dies or remarries and there are three or more surviving children under the age of 18, the widow's pension allowance will be continued in equal shares to each child. Where there are two surviving children each will be paid \$40 monthly and one child will receive \$50 monthly. However, in no event will the pension paid to the children exceed, in aggregate, the sum of \$1,500 annually.

ENROLLMENT AND CLAIMS CLAIMS

If the member has no surviving widow, no child under 18 or dependent parents, no pension will be payable. However, a member's insurance benefits and pension contributions, if applicable, will be paid to the member's beneficiary or estate. A detailed description of the processing of a claim for accidental death is contained in section 38.3. The return of the member's contributions and the payment of the insurance death benefits would be performed by the Claims Section while the payment of a widow's, children's or dependent parents' pensions is the responsibility of the Retirement Section.

- 22.4 EMPLOYMENT FOR MORE THAN ONE PARTICIPATING EMPLOYER - All earnings constituting base salary, and consequently subject to pension deductions during the last year of creditable service, will be considered in determining the amount of the non-contributory and contributory death benefits. If the member is employed in several locations, his coverage will be based on the earnings subject to pension in all employments.
- 22.5 CHANGING EMPLOYMENT - Non-contributory and contributory death benefits will remain in effect if the member leaves one employer and transfers his membership to another participating employer group.
- 22.6 LEAVES OF ABSENCE - If a member is granted a leave of absence with pay, his insurance will continue and the insurance deductions will be taken for contributory insurance provided the member is covered under the contributory program.

If a member of the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Police and Firemen's Retirement System is granted an official leave of absence without pay, the non-contributory insurance and contributory insurance will continue up to two years while on leave due to illness, up to one year for maternity and up to 93 days if the leave is for any other reason. The members of the State Police Retirement System are covered under the non-contributory insurance program for a period of 93 days provided they have secured an official leave of absence without pay.

ENROLLMENT AND CLAIMS CLAIMS

In all retirement systems where a member is covered under the contributory group life insurance program, he will be required to pay insurance premiums to continue his protection for the additional insurance when he has secured a 93 day leave of absence for any reason other than illness. Members are not required to pay insurance premiums when they have secured an official leave of absence due to illness or maternity. If his leave of absence extends beyond the applicable period, his insurance will be deemed to have terminated at the end of the period. However, such coverage may be converted to an individual policy within 31 days while the employee is still on official leave.

- 22.7 SEASONAL DISCONTINUANCE OF MEMBERSHIP - In the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, non-contributory and contributory coverage during the months of July and August in the case of 10 month members will continue as long as the employer-employee relationship exists during this period. However, a signed contract is necessary in those instances where an employment contract is required to continue an employee-employer relationship. In the event a contract is not necessary to continue employment, the employer must certify the employee was expected to return and would have been rehired in the month following the expiration of the two month period in which the employee did not render any service.
- 22.8 TERMINATION BEFORE RETIREMENT - If a member terminates employment, his coverage will continue for the next 31 days. In this 31 day period he may change his insurance, without a medical examination, to an individual policy. He may select any type of individual policy issued by the carrier except term insurance or a policy containing disability benefits. The individual policy will become effective at the end of the 31 day period. The premium will be the same as that he would ordinarily pay if he applied for an individual policy at that time. Inquiries regarding conversion must be made through an authorized agent of the carrier. If the member has not converted by the end of the 31 day period, his insurance protection will have terminated.

ENROLLMENT AND CLAIMS CLAIMS

If the member returns to covered public employment after having converted his insurance and the individual policy is still in force when he again becomes a member, he will be required to discontinue the converted policy or submit evidence of insurability before he may again be covered under the group policies.

- 22.9 POST RETIREMENT BENEFITS - The amount of non-contributory and contributory insurance death benefits payable in the case of death after retirement are indicated in sections 21.2 and 21.3.

In the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, and the State Police Retirement System, retirement is not considered in effect until 30 days have elapsed since the respective Board of Trustees approve the application or after the effective date of retirement, whichever is later. Members who die within this 30 day period are considered to have not retired and benefits will be paid accordingly.

In the Police and Firemen's Retirement System a member who elects a maximum retirement allowance and dies before his retirement benefit is normally due, would be considered in active service at death. However, a member may elect to cancel his maximum retirement allowance in favor of an optional allowance before the first payment is normally due.

As such, a change in allowance takes place; the optional allowance will not be effective before 60 days subsequent to the retirement date or the date of change in the allowance, whichever is later, and should the member die, he will not be considered to have retired but rather to have died in active service and the return of the member's contributions will be adjusted accordingly.

During the 31 days following retirement the member of the Teachers' Pension and Annuity Fund, the State Police Retirement System and the Police and Firemen's Retirement System may change his insurance coverage to an individual policy under the same conditions for conversion indicated in section 37.7. At the time the insurance is reduced the privilege of conversion will apply with respect to the amount by which his insurance coverage has been reduced.

ENROLLMENT AND CLAIMS
CLAIMS

Of course, another way of providing additional death benefits following retirement is to elect one of the options available under the system. Options are not available to members of the State Police Retirement System since monthly benefits are automatically payable to the eligible survivors. The details concerning these optional benefits are described in section 37.5.

- 22.10 TERMINATING CONTRIBUTORY INSURANCE - A member may withdraw from the contributory program by completing the proper form. However, once the insurance has been dropped the member cannot again become insured. The law specifically provides that there shall be no return of the contributions made for contributory insurance.

Employees becoming members of a State-administered retirement system, after the date indicated below, may not drop the contributory insurance during the first twelve months of membership.

- | | | |
|----|--|-----------------|
| a. | Teachers' Pension and Annuity Fund | January 1, 1958 |
| b. | Public Employees' Retirement System | July 1, 1963 |
| c. | Police and Firemen's Retirement System | July 1, 1965 |

ENROLLMENT AND CLAIMS CLAIMS

- 23.1 CLAIMS, DEATH IN SERVICE - The Claims Section receives notices of the death of a member in service from various sources including letters from beneficiaries, phone calls, newspaper clippings, the carrier and from employers. In addition to the forms involving the return of contributions, if payable, specific forms are required for the processing of other death benefits as indicated below.
- 23.2 PROCESSING CLAIMS, DEATH IN SERVICE - Upon receipt of a notification of a death the different amounts of insurance based on attained age at death may require that the decedent's age be established. In such cases a birth certificate will be required. Salary information is obtained from the employer certification and verified by the Audit and Tabulating Sections.

All claims prescribe the obtainment of a death certificate. Also required are the Proof of Death forms including the Insurance Certificate issued by the carrier or a Claimant's Lost Certificate form and the Application for the Death Benefit Payment of Accumulated Salary Deductions.

- 23.3 CLAIMS, DEATH AFTER RETIREMENT - The Claims Section receives notices of the death of a retired member from various sources including letters from beneficiaries, phone calls, newspaper clippings, the carrier and from the return of uncashed pension checks from the Post Office. There are several benefits that may be payable in any specific case as follows:
- a. The accrued retirement allowance which is due on the basis of the number of days that the member lived in the month of death is payable to beneficiaries of members who retired from the Police and Firemen's Retirement System. In the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund and the State Police Retirement System an accrued retirement allowance is not payable and all monthly benefits due a survivor are effective on the first day of the month in which the retirant's death occurred.

ENROLLMENT AND CLAIMS
CLAIMS

23.3 b.
Cont'd.

The non-contributory insurance benefits amounting to $1\frac{1}{2}$ times salary for those who retire for disability and who die before the age of 60, or $3/16$ ths times salary for those who have retired and die after the age of 60; this benefit is payable if the individual was eligible and retired after January 1, 1956 in the Teachers' Pension and Annuity Fund and January 1, 1955 in the Public Employees' Retirement System.

In the Police and Firemen's Retirement System members who retired for disability and die prior to attaining age 55 have a non-contributory insurance benefit of $1\frac{1}{2}$ times compensation which is reduced to $3/16$ ths times compensation at age 55.

In the State Police Retirement System a non-contributory life insurance benefit equal to $3\frac{1}{2}$ times final compensation will be paid at death for any member who died prior to attaining age 55 and who was receiving monthly benefits on the basis of an ordinary or accidental disability retirement. If death occurs on or after the attainment of age 55, the insurance benefits will be equivalent to $1/4$ of final compensation. In the event of death after service retirement, early retirement, or after the receipt of a vested retirement benefit, there will be an insurance benefit equivalent to $1/4$ of final compensation paid to the member's beneficiary or estate. Payment of the non-contributory insurance benefits were effective July 1, 1965.

c. A contributory insurance benefit amounting to $3/16$ ths times salary is payable for members of the Teachers' Pension and Annuity Fund, who retired on or after January 1, 1961 and who were covered by the additional insurance program in the month prior to retirement. The $3/16$ ths contributory insurance benefit was extended to retired members who die after October 1, 1965, regardless of the date they retired.

ENROLLMENT AND CLAIMS
CLAIMS

- d. All retired members of the Police and Firemen's Retirement System who were covered by the contributory insurance program prior to retirement have a 3/16ths times salary insurance benefit payable to their beneficiary before or after age 55 if they have a service or ordinary disability retirement allowance in effect at the time of their demise.

- e. The payment of any survivor's benefits provided under the options established by the member at the time of his retirement, not applicable in the State Police Retirement System, such as the balance in the pension reserve under Option 1 or the monthly benefits payable to a named survivor under the other options.

Retirement allowances are provided for all eligible survivors of retired members of the State Police Retirement System.

All of these benefits are calculated and processed by the Claims Section.

- 23.4 PROCESSING CLAIMS, DEATH AFTER RETIREMENT - Upon receipt of a notification of a death of a retired member, the different amounts of insurance based on attained age at death may require that the decedent's age be established. In such cases a birth certificate will be required.

All claims prescribe the obtainment of a death certificate. Also required are the Proof of Death forms including the Insurance Certificate issued by the carrier or a Claimant's Lost Certificate form, the Claim for the Payment of the Accrued Allowance, or the Certificate of the Claimant under the various options. Normally, the insurance death benefits are first paid and then the claims for the accrued allowance, if applicable, and any optional benefits are considered.

ENROLLMENT AND CLAIMS
CLAIMS

- 23.5 EMPLOYER CERTIFICATION, DEATH IN SERVICE CLAIMS -
The form given in section 23.6 must be completed by the employer if the death claim is to be processed. The forms of the systems are fairly similar in nature in that they request all of the information which will establish a bona fide claim; required is data concerning the most recent salary and pension contributions prior to the date of death in order to validate the reports received by the retirement system as well as to speed the payment of the claim prior to the receipt of quarterly wage reports.

The employment status of the employee at the time of death must be indicated on this form; i. e. , leave of absence with or without pay for illness, resigned, discharged, maternity leave, coverage for New Jersey Blue Cross and Blue Shield, Green Cross, or State Health Benefits program, and other, as explained.

As indicated, in the Public Employees' Retirement System, the State Police Retirement System and the Police and Firemen's Retirement System the form calls for the signature of a certifying agent whereas in the Teachers' Pension and Annuity Fund the similar form requires the signature of the Secretary of the Board of Education.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY EMPLOYERS' CERTIFICATION: DEATH CLAIM

(Please see reverse side for instructions)

A resolution or statement from non-civil service employers; or a civil service form must be submitted, for employees on a leave of absence without pay at the time of their death.

- 1. Name of Deceased _____ 2. Membership No. _____ (LOCATION NO.) _____
- 3. Date Employed _____ 4. Date of Death _____
- 5. Last Day of Active Service _____
- 6. Was member on an official leave of absence with or without pay Yes No-If yes give date granted and reason
 L/A With Pay _____ (DATE) From - To L/A Without Pay _____ (DATE) From - To Other _____ (DATE) Indicate Reason for Leave
- 7. Was member covered by New Jersey Blue Cross? Yes No-If yes is checked please complete Hospitalization
 Medical-Surgical Type of Contract Family Single Blue Cross/Blue Shield Group # _____
- 8. Was death due to an accident in course of employment Yes No
- 9. Base salaries during the last 13 months of creditable service prior to date of death:

MONTH - YR	BASE SALARY SUBJECT TO CONTRIB THIS QUARTER	FULL RATE	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL DEDUCTION	SUPPLEMENTAL ANNUITY	
					NO	AMOUNT				AMOUNT
1.										

23.6 EMPLOYERS' CERTIFICATION FORMS, DEATH CLAIMS

- Teachers' Pension and Annuity Fund (White colored)
- Public Employees' Retirement System (Yellow colored)
- Police and Firemen's Retirement System (White colored)
- State Police Retirement System (Green colored)

13.										
-----	--	--	--	--	--	--	--	--	--	--

- 10. Annual salaries and effective dates of wages in last year of service:
\$ _____ Salary _____ Date _____ \$ _____ Salary _____ Date _____ \$ _____ Salary _____ Date _____

- 11. Last Deduction Made for Retirement System: Payroll Period _____
Amount of Pension Deduction \$ _____ Salary \$ _____

- 12. If Contributory Insurance In Force, give Payroll Period from which last deduction was made _____

 (DATE) (SIGNATURE OF CERTIFYING AGENT) (TITLE)

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 (DEPARTMENT, INSTITUTION OR POLITICAL SUBDIVISION) (COUNTY)

ENROLLMENT AND CLAIMS
CLAIMS

- 23.7 THE CLAIMANT'S LOST CERTIFICATE STATEMENT -
In the processing of a death claim it is necessary for the claimant to submit the member's insurance certificate. If it is determined that the original has been destroyed or lost beyond recovery, the claimant must complete a form indicating as much. The form is reproduced in the next section.
- 23.8 CLAIMANT'S LOST CERTIFICATE STATEMENT FORM
(White colored)

CLAIMANT'S LOST CERTIFICATE STATEMENT

THE PRUDENTIAL
INSURANCE COMPANY OF AMERICA



Group Policy No(s).....
.....
Certificate No(s).....
Change in Amount Rider(s) dated.....

I, the undersigned Claimant, hereby certify that said Certificate and (or) Change in Amount Rider specified above is not in my possession and is not transferred or in any way incumbered, except as follows (give particulars):.....
.....

The said Certificate(s) and (or) Change in Amount Rider(s) are not available for the following reasons:.....
.....

I agree and promise that I will immediately surrender to the Company any of said Certificates and (or) Change in Amount Riders that come into my possession at any future time.

Witness..... Personal Signature of Claimant.....

Dated....., 19..... Name of Concern Where Insured Was Employed.....

SIGNATURES TO BE IN INK

ORD 14019—ED 5-51

Printed in U. S. A. by Prudential Press

ENROLLMENT AND CLAIMS
CLAIMS

24.1 PROOF OF DEATH FORM, COMPLETION - The forms employed by all retirement systems are similar in nature. The claimant completes a statement which requires notarization. He is then instructed to attach a death certificate and the member's insurance certificate and forward the three items to the Division of Pensions. The Claims Section will complete the statement of the policyholder and forward the file to the carrier upon approval and payment of the claim. A sample copy of the Proof of Death form is indicated in subsequent sections.

PROOF OF DEATH - CLAIMANT'S STATEMENT

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
a mutual life insurance company

POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY

INSTRUCTIONS TO CLAIMANT

1. Complete the Claimant's Statement below and have acknowledged by Notary Public.
2. Attach a Certificate of Death from the Bureau of Vital Statistics or a Coroner's Certificate.
3. Attach the Certificate of Insurance.
4. Return to Division of Pensions, P.O. Box 2058, Trenton, N.J. 08625

CLAIMANT'S STATEMENT

Name of Deceased	Membership No.	State of Residence of Deceased
------------------	----------------	--------------------------------

It is understood that the death benefit to which I may be entitled will be paid to me by The Prudential Insurance Company of America in one sum unless the insured, during his lifetime, elected some other mode of settlement, or unless in the absence of such an election by the insured, I have notified the Police and Firemen's Retirement System that some other form of settlement is desired. Since no mode of settlement was elected by the insured during his lifetime, I request the payment be made to me in one sum unless I have checked one of the other modes of settlement below.

Life Annuity Equal monthly instalments for _____ years Other - See letter attached.

Date _____ 19____ Claimant's Signature _____ Claimant's Date of Birth _____
Month Day Year

Claimant's Address or address to which check should be mailed _____
Street City or Town State

Claimant's Social Security Number _____

Sworn and subscribed before me
this _____ day of _____ 19____

Signature of Notary Public

Paid by Draft Number _____ Amount _____ Dated _____

ORD 31414 ED 7-65

Printed in U.S.A. by Prudential Press

24.2 PROOF OF DEATH - CLAIMANT'S STATEMENT FORMS

Teachers' Pension and Annuity Fund (Blue colored)
Public Employees' Retirement System (White colored)
Police and Firemen's Retirement System (White colored)
State Police Retirement System (White colored)

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ENROLLMENT AND CLAIMS
CLAIMS

- 24.3 CLAIM FOR RETURN OF CONTRIBUTIONS, COMPLETION -
In the case of death in service, beneficiaries may be entitled to a return of the member's contributions. The forms are similar. In Part I, the retirement system indicates the name of the beneficiary designated by the member as given in the system's records. In those cases where the payment of the member's contributions are due the beneficiary, the value of the benefit must be paid in one sum. The beneficiary will complete Part II of the application before a notary public. It is important to note that interest is not payable on a member's contributions by the State Police and Police and Firemen's Retirement Systems. Pension contributions for members of the State Police System are not paid to a member's beneficiary or estate where there are surviving widows and children under the age of 18 or dependent parents since monthly benefits will be paid. In the event the member left no eligible survivor, the pension contributions are refunded to the designated beneficiary or estate.

TEACHERS' PENSION AND ANNUITY FUND
APPLICATION FOR DEATH BENEFIT PAYMENT OF ACCUMULATED SALARY DEDUCTIONS

PART I

TO THE DESIGNATED BENEFICIARY:

_____ Membership No. _____
(Deceased Member)

_____, N.J.
(Position) (School District) (County)

designated you, _____, _____
(Name and Address of duly named Beneficiary on file in Fund) (Relationship)

as beneficiary, to receive the pension contributions and interest credited to the deceased member's account in the Teachers' Pension and Annuity Fund; by statute, this benefit must be paid as a single lump sum payment.

PART II (TO BE COMPLETED BY THE DESIGNATED BENEFICIARY)

To the Board of Trustees:

I, the designated beneficiary of the deceased member, do hereby make application for payment

24.4 APPLICATION FOR DEATH BENEFIT PAYMENT OF ACCUMULATED SALARY DEDUCTIONS FORMS

- Teachers' Pension and Annuity Fund (Blue colored)
- Public Employees' Retirement System (White colored)
- Police and Firemen's Retirement System (White colored)
- State Police Retirement System (White colored)

(A COPY OF MEMBER'S DEATH CERTIFICATE MUST ACCOMPANY THIS APPLICATION WHEN NOT ALREADY SUBMITTED)

State of _____)

County of _____)

ss

Sworn and subscribed before me this _____ day of _____, 19 _____.

Signature of Notary or

Commissioner of Deeds _____) If you have an

) Official Seal,

Official Title _____) Affix it.

ENROLLMENT AND CLAIMS
CLAIMS

- 24.5 CLAIM FOR ACCRUED RETIREMENT ALLOWANCE, COMPLETION - In the Police and Firemen's Retirement System, in the case of death after retirement, the beneficiary may be entitled to the member's allowance which accrued in the month of death. In the other State-administered pension programs an accrued allowance is not payable to the member's beneficiary or estate. However, in some cases the value of a monthly pension check may be payable to the member's beneficiary or estate since the member did not negotiate a pension check covering a month's pension allowance which was due him prior to his demise. Forms, which require notarization, are provided by all systems. There are also other forms which would be involved where an estate makes claim for payment of any accrued allowance for a full monthly installment that was due a member for the period prior to his demise.

STATE POLICE RETIREMENT SYSTEM
CLAIM FOR PAYMENT OF ACCRUED RETIREMENT ALLOWANCE

Board of Trustees
State Police Retirement System
P.O. Box 2058
Trenton, New Jersey 08625

Gentlemen:

I (We), _____
(Name)

the named beneficiary of _____
(Deceased or Retired Member)

24.6 CLAIM FOR PAYMENT OF ACCRUED RETIREMENT
ALLOWANCE FORMS

Teachers' Pension and Annuity Fund (White colored)
Public Employees' Retirement System (White colored)
Police and Firemen's Retirement System (White colored)
State Police Retirement System (White colored)

Note: Please enclose a copy of the decedent's death certificate.

(Date)

(Signature of Claimant)

(Address)

State of _____)
County of _____) SS.

Sworn and subscribed before me this _____ day of _____, 19 _____

Notary Public or
Commissioner of
Deeds

(Title)

SEAL

ENROLLMENT AND CLAIMS
CLAIMS

25.1 CLAIMS FOR OPTIONAL SETTLEMENTS, COMPLETION -

In the case of death after retirement, claims must be submitted by beneficiaries of members who selected options at the time of their retirement. Special forms are provided in the case of option 1 where a lump sum or monthly annuities are payable. Again, these forms are prepared by the beneficiary or if the beneficiary is a minor, the claim must be executed by his or her legal guardian. If the beneficiary predeceased the retirant, the claim should be executed by the administrator or executor of the estate of the deceased retirant; in this event, a copy of the death certificate of the beneficiary must be submitted. Moreover, executors, administrators and guardians must furnish certified copies of their authority to act.

In the case of survivorship allowances payable under options 2, 3 and 4, the allowance is only payable to the beneficiary nominated by the member at the time of retirement. If the beneficiary is deceased, no survivor's allowance is payable except the accrued allowance and the insurance benefits, if any.

There are no retirement options available to members of the State Police Retirement System since monthly benefits are payable to an eligible survivor.

25.2 GROUP HOSPITALIZATION, MEDICAL/SURGICAL AND STATE HEALTH BENEFITS INSURANCE DEDUCTIONS - After the death of a retirant monthly benefits may be payable to his widow or to her widower; if the retirant was covered by the Hospitalization and/or Medical Surgical Insurances or under the State Health Benefits group program, established for retired members of the State systems and had elected a family or husband and wife contract, the surviving spouse may continue such deductions on an individual basis under the pensioners' group plan. However, the surviving spouse and the retirant must be covered under the Federal Medicare program at age 65 to be eligible to continue group health benefit coverage.

ENROLLMENT AND CLAIMS
CLAIMS

- 26.1 WITHDRAWAL BENEFITS - Any member who withdraws from service or ceases to be a member as prescribed by the statute for any cause other than death or retirement may receive all of his contributions to the system which have been credited to his account.

The Claims Section processes withdrawal applications for members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System. The Claims Section of the Police and Firemen's Pension Funds Bureau processes withdrawal applications for members of the Police and Firemen's and State Police Retirement Systems.

- 26.2 ELIGIBILITY - If a member satisfies the conditions prescribed by the statutes concerning withdrawal from service, upon the filing of a proper withdrawal application, he is permitted to withdraw his contributions. No withdrawal claims, however, will be honored until the member has resigned his position. Moreover, withdrawal is not permitted while a member is on leave of absence in that his relationship with his employer is still continued.

- 26.3 INTEREST - In addition to his contributions, a member of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund may receive interest earned on his monies in the system upon the withdrawal of such contributions. Interest is not payable upon withdrawal to members of the State Police or the Police and Firemen's Retirement Systems.

In the Teachers' Pension and Annuity Fund interest is credited upon withdrawal at $3\frac{1}{2}\%$ to July 1, 1944 and 2% thereafter, provided, however, that no interest is payable after January 1, 1956, if the withdrawing member does not have 3 years of contributing membership credit at the time he terminates service.

In the Public Employees' Retirement System interest is credited upon withdrawal at 4% to July 1, 1944 and 2% thereafter, provided, however, that no interest is payable after August 1, 1966 if the withdrawing member does not have 3 years of membership credit at the time he terminates service.

ENROLLMENT AND CLAIMS
CLAIMS

26.4 MILITARY SERVICE CONTRIBUTIONS - In most State-administered retirement systems a veteran member is not entitled to withdraw any of the contributions made in his behalf by his employer during the period of a military leave of absence unless he shall have returned to employment and contributed to the retirement system for a period of at least 90 days. In the event a member does not return to service such military leave contributions are deposited to the Contingent Reserve Fund of each system.

26.5 INACTIVE MEMBERSHIP - Any member of the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund and the Police and Firemen's Retirement System resigning his position may leave his contributions with the system and continue in an inactive status for a period of two years. A member of the State Police may continue his account on an inactive basis for a maximum period of one year from the time that his employment terminates.

Interest is credited to the account for a two year period if he had contributed for at least three years as a member of the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund prior to his inactive status. Interest is not credited to a member's account in the Police and Firemen's and State Police Retirement Systems.

If a member of the Teachers' Pension and Annuity Fund or Public Employees' Retirement System is granted an official leave of absence of more than two years or his employment has terminated through no fault of his own, his membership may remain inactive for a maximum period of five years provided he has been continued on a leave of absence by his employer. A request for the extension of an inactive status must be submitted to the Claims Section before the expiration of the member's account and the request must be accompanied by a certification from the employer establishing that the member is on an official leave of absence. A member of the State Police Retirement System may not continue his account on an inactive basis beyond the one year period following the date his services were terminated. In the Police and Firemen's Retirement System a member may continue his account on an inactive basis for a maximum period of two years from the date his services were terminated.

ENROLLMENT AND CLAIMS CLAIMS

Should any member, who becomes inactive and who has not withdrawn his contributions, return to active service before the expiration of membership, his account will be reactivated at the same rate of contribution and with the same service credit established at the time his service ceased. However, the period during which he was inactive will constitute a break in the continuity of the service credit being accumulated towards retirement.

- 26.6 INACTIVE MEMBERSHIP AND LOANS - Any member contemplating a resignation should appreciate that he will not be entitled to any partial return of his contributions to the system since there is no provision for partial withdrawals. Very often an employee contemplating a termination of his public position may want to retain the privilege of inactive membership but still may need funds in the period when he leaves employment to take another position. Such a member may be eligible to borrow from the system, in those systems which permit loans, and should apply for a loan while he is still on the payroll and contributing to the system.

The loan obligation will be established and upon his termination of employment, will constitute a liability against his account which may be rescheduled for repayment at the time of his return to a position covered by the retirement system. However, it must be clear that no loan can be granted once the member has already terminated his service or is on a leave of absence without pay.

- 26.7 INTER-FUND TRANSFERS - When a member terminates his employment and accepts a position covered by another pension fund administered by the New Jersey Division of Pensions, he has the right to apply for the transfer of the credit established in the previous employment. Employees who are interested in effecting such a transfer should inquire before completing a withdrawal application. The inquiry should be made at the office of the Division of Pensions. (See section 18.1 et seq.)

ENROLLMENT AND CLAIMS
CLAIMS

- 26.8 DISMISSED FROM SERVICE - A withdrawal cannot be paid if a member of the retirement system has been dismissed and is appealing his dismissal. The State Civil Service Commission is contacted when a member is dismissed by an employer covered by Civil Service in order to determine whether the member has or will appeal his dismissal to the Civil Service Commission. In the Teachers' Pension and Annuity Fund the office of the State Commissioner of Education is contacted, whereas, all local employers who are not covered by Civil Service are contacted to determine whether a dismissed employee has or will appeal his dismissal. If an appeal has been filed, the withdrawal cannot be processed until a decision is rendered by the Civil Service Commission, the State Department of Education, or the employer for districts not covered by Civil Service.

If the dismissal is upheld, the withdrawal application will be immediately processed and the member's contributions will be refunded to him. In the event the member is reinstated to his position and accepts re-employment, the withdrawal application will be canceled and contributions to the retirement system will be resumed on the same basis they were applicable prior to the member's dismissal. In the event any retroactive salary is awarded to the employee covering the period in which he received no wages, the employer must deduct contributions due the retirement system and they will be credited to the member's account covering the hiatus period. (See section 19.92)

ENROLLMENT AND CLAIMS
CLAIMS

27.1 COMPLETING THE WITHDRAWAL APPLICATION - The withdrawal applications of all retirement systems are very similar. In the first part of the form the member makes application for the withdrawal of his contributions. In the second part the employer certifies deductions in the lag period or the last three quarterly reporting periods ending with the quarter of termination. On the reverse side of the form instructions are indicated reviewing the conditions under which a withdrawal is permitted, the continuance of inactive membership, the payment of military service contributions and the transfer privileges.

The following items are to be completed by the applicant:

- a. NAME - Insert full name using first, middle and last name.
- b. MEMBERSHIP NUMBER - This is the number assigned to each member of the retirement system; it may contain 4, 5 or 6 digits.
- c. REASON FOR SEPARATION - The member must indicate whether he resigned, was dismissed or any other reason for the separation.
- d. POSITION AND EMPLOYER - The title of the position which was held and the name of the employing agency or institution.
- e. WORKMEN'S COMPENSATION - The member must indicate whether he is receiving periodic payments under Workmen's Compensation as a result of an injury incurred in the public service. Such a member cannot withdraw since he is considered an "employee" while he is in receipt of such payments. In the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, employers are required to pay the pension contribution that the employee would have made if he had continued as an active, contributing member.

ENROLLMENT AND CLAIMS
CLAIMS

- f. SIGNATURE AND ADDRESS - The member will sign, in ink, his full name, and indicate the address to which his withdrawal check is to be mailed.
- g. CERTIFICATION - The withdrawal application must be executed before an individual who is authorized by law to administer oaths.

27.2 CERTIFICATION OF EMPLOYING AGENCY - The employer is notified that in order to avoid a delay in the payment of the withdrawal claim his certification for the lag period will be used to calculate the payment due. He is therefore instructed not to execute and return this form until the last deduction from salary has been made. By combining his certification to the contributions which have been credited to the member's account, the retirement system will make full payment to the employee without awaiting actual receipt of monies due the account. It is therefore absolutely essential that the employer certify only exactly what he has deducted. If his later reports of deductions taken for this member do not agree with his certification given on the member's withdrawal application, any difference will have to be explained; if the difference resulted in an overpayment to the member, the employer is obligated for these monies.

In his certification the employer will note the full name of the member, the reason for the separation, and the title of the position. He will indicate the date of the separation, the period in which the last salary deduction was made and whether the employee is receiving periodic benefits under Workmen's Compensation. He will also indicate if military leave deductions were contributed by the employing agency since January 1, 1955, detailing the amount and the period such military leave contributions covered. He will then complete the portion of the application which resembles the quarterly report of contributions so that he will certify contributions in the lag period which will be identical to the contributions he has or will report. In this way there should be no difference between the certification as it appears on the withdrawal application and the reports of contributions to be filed after the withdrawal claim has been paid.

He then signs the form indicating the full name of the employing agency and the county in which it is located.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATE OF NEW JERSEY
APPLICATION FOR WITHDRAWAL

P. 1 I, _____, Membership No. _____
(Print full name)

(resigned), (was dismissed) _____ from my position as _____ in the
(Other)
_____ on the _____ day of _____ 19 _____
(Department or Institution)

and am not now in state service, or in the employ of any county, municipality, or public agency that is covered by the System.

I, (am, am not) _____ receiving periodic benefits under a claim filed
(Please complete)
for Workmen's Compensation based on an injury incurred as a result of service performed in public employment.

27.3 APPLICATION FOR WITHDRAWAL FORMS

- Teachers' Pension and Annuity Fund (White colored)
- Public Employees' Retirement System (White colored)
- Police and Firemen's Retirement System (Pink colored)
- State Police Retirement System (Green colored)

Commissioner of Deeds _____
Official Title _____ } If you have an
Official Seal,
Affix it

PART 2 CERTIFICATION OF EMPLOYING AGENCY

C. *ifying Agent or Department Head: In order to avoid delay in honoring this withdrawal claim, your certification will be used to calculate the payment due. You, therefore, should not execute and return this form until the last deduction from salary has been made.*

I hereby certify that _____ (resigned), (was dismissed) _____ (OTHER)

from this department on _____ Last salary deduction was made on _____ half
(DATE OF SEPARATION) (FIRST OR SECOND)

of _____ The employee (is, is not) _____
(MONTH) (YEAR) (PLEASE COMPLETE)
receiving periodic benefits under a claim filed for Workmen's Compensation based on an injury incurred as a result of service performed in public employment.

If military leave deductions were contributed by the employer since 1/1/55, show total deduction \$ _____ and periods covered from _____ to _____.

NOTE: IF THIS MEMBER IS A PARTICIPANT IN THE SUPPLEMENTAL ANNUITY COLLECTIVE TRUST AND IS WITHDRAWING ALL ACCUMULATED SALARY DEDUCTIONS IN THE RETIREMENT SYSTEM, A SEPARATE "APPLICATION FOR WITHDRAWAL FROM S.A.C.T." MUST BE SUBMITTED TO WITHDRAW FROM THE SUPPLEMENTAL ANNUITY COLLECTIVE TRUST.

I further certify that the following deductions have been made from his/her salary during the last three quarterly periods ending with the current quarter: (SEE QUARTERLY REPORT OF CONTRIBUTION) Bi-weekly reporting agencies complete "Supplemental Bi-Weekly Certification of Employing Agency" in lieu of this item.

QUARTER ENDING	BASE SALARY SUBJECT TO CONTRIBS. THIS QUARTER	FUL. RATE	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL PENSION DEDUCTIONS	SUPPLEMENTAL ANNUITY	
					NO. P M T S.	AMOUNT			% RATE	\$ AMOUNT

DATE

SIGNATURE OF CERTIFYING OFFICER OF DEPARTMENT HEAD

TITLE

EMPLOYING AGENCY

COUNTY

PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETION

TL #28, 12/31/67

ENROLLMENT AND CLAIMS
CLAIMS

- 27.4 SUPPLEMENTAL BI-WEEKLY CERTIFICATION OF EMPLOYING AGENCY - As the State Centralized Payroll System reports the members of the retirement systems through the media of tabulating cards rather than through a quarterly report of contributions, a special form has been designed to obtain the certification of the lag period. This form is used as supplementing the employer's certification of the withdrawal application, in lieu of item 9 of the certification of service and final salary changes used in retirement as well as a supplement to the employer's certification in the case of the processing of a death claim.

The State payroll clerks complete the certification denoting the system to which it is applicable, indicating the specific use of the form in connection with either a withdrawal, retirement or death claim. The clerk then certifies information taken from the bi-weekly payrolls for the last 13 payroll periods and also indicates the date of the last pension deduction.

DIVISION OF PENSIONS
STATE OF NEW JERSEY

P.O. BOX 2058
TRENTON, N.J. 08625

SUPPLEMENTAL BI-WEEKLY CERTIFICATION OF EMPLOYING AGENCY

- Please complete this form in addition to part 2 of the Application for Withdrawal.
- Please complete in lieu of item 9 of the Certification of Service and Final Salary-Retirement.
- Please complete as supplement to Employers Certification-Death Claim.

CERTIFICATION

Name of employee _____ Membership No. _____

- State Police Retirement System
- Public Employees' Retirement System
- Teachers' Pension & Annuity Fund

Payroll # _____ Employee # _____

I hereby certify that the figures indicated below are an exact abstract from the bi-weekly payrolls of the above named employee for the last 13 payroll periods preceding, Retirement Withdrawal Death

PAYROLL PERIOD	Pension Code	BASE WAGES	LOAN PAYMENTS	ARREARS PAYMENTS	PENSION DEDUCTION	

27.5 SUPPLEMENTAL BI-WEEKLY CERTIFICATION OF EMPLOYING AGENCY FORM (White colored)

The final salary deduction (will be/was) made from the payroll period ending _____.

DATE

SIGNATURE OF CERTIFYING AGENT OR DEPT. HEAD

TITLE

EMPLOYING AGENCY

NOTE: In order to avoid delay in honoring the withdrawal or retirement application, this certification will be used to calculate the payment due. In the event of withdrawal, you should not execute and return this form until the last deduction from salary has been made. For retirement purposes, this form should be returned in advance of the retirement date.

ENROLLMENT AND CLAIMS
CLAIMS

- 28.1 PROCESSING OF APPLICATION - Upon receipt of these applications the Claims Section acknowledges their receipt and notifies the Accounting Bureau and the Records Section of these pending withdrawals, receiving in return the applicable files from Records and the current ledger cards from Accounting.

Work sheets are then prepared in duplicate and calculated. The work sheets are designed to convey not only the necessary calculations but also can be used as an authorization for payment, including check number and the member's name and address so that from this work sheet a check may be drawn and forwarded. The member receives a statement of his contributions as well as the interest which was paid. He will need this statement for income tax purposes. The checks are drawn by the Tabulating Section as authorized by the Disbursement Section.

- 28.2 THE CLOSING OF ACCOUNTS - As a result of a withdrawal application for the total amount of the member's contributions, the account is closed and the withdrawal number is stamped on the member's file. The member's file and duplicate copy of the withdrawal work sheet is returned to the Records Section where the member's 3 X 5 identification card, as well as the membership register, are noted to indicate the member has terminated his account. The member's folder is filed by the Records Section in withdrawal number order.

- 28.3 UNCLAIMED ACCOUNTS - In the event a member does not file an application for withdrawal before the expiration of the account the contributions and interest, if payable, are transferred to the Unclaimed Accounts Fund.

ENROLLMENT AND CLAIMS
LOANS

29.1 LOANS, TEACHERS' PENSION AND ANNUITY FUND, PUBLIC EMPLOYEES' RETIREMENT SYSTEM, STATE POLICE RETIREMENT SYSTEM AND POLICE AND FIREMEN'S RETIREMENT SYSTEM - The Loan Section is responsible for the processing of all loan applications received from members of the four State systems which provide for member loans.

29.2 CONDITIONS GOVERNING LOANS -

- a. Member must have 3 years of credit for which he has made contributions.
- b. Fifty percent of the amount credited in the member's account, in multiples of \$10, is the maximum loan available.
- c. Minimum deduction toward repayment of a loan must equal the full normal contribution made by the member. This is determined by multiplying the salary at the time of the loan by the full percent rate of contribution.
- d. The maximum amount a person may pay toward the repayment of a loan is 25% of gross salary, and the maximum period of time over which a loan may be scheduled is 10 years.
- e. All loans must be paid in full by members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System by age 60 and no person over age 60 is eligible for a loan. All members of the State Police and the Police and Firemen's Retirement Systems must pay their loans in full by age 55.
- f. Interest is charged at the rate of 4% per annum on the unpaid balance.
- g. Not more than two loans will be granted in any calendar year.

ENROLLMENT AND CLAIMS
LOANS

Any loan application received in this office by Thursday is processed for payment by the Loan Section on Wednesday of the following week. Peak loads may delay payment for a period of two-three weeks.

- 29.3 COMPLETING THE LOAN FORM - The loan form of the four systems is similar. On the face of the form the member makes his application for a loan. On the reverse side entitled Loan Worksheet, the Loan Section will make the required calculations.

The following items are to be completed by the applicant:

- a. NAME - Insert full name using first, middle, and last name.
- b. MEMBERSHIP NUMBER - This is the number assigned to each member of the retirement system. It may contain four, five or six digits.
- c. ADDRESS - The member will indicate in ink, his address to which his loan check is to be mailed.
- d. AMOUNT OF LOAN REQUESTED - Member enters here the amount desired. As we have previously indicated, the loan cannot exceed 50% of the member's contributions in the retirement system as such contributions are currently reflected in the accounting records of the Division of Pensions. If the amount requested is in excess of 50% of the member's contributions, the amount of the request will be reduced to 50% and the member will be accordingly notified. Loans are made in multiples of ten dollars.
- e. PAYMENT REQUESTED - The member may pay as much as he desires in liquidating his loan but such extra deductions cannot exceed 25% of salary. On the other hand, the minimum deduction for the repayment of the loan must be at least equal to the member's full rate of contribution.
- f. SIGNATURE - The member will sign, in ink, his full name.

ENROLLMENT AND CLAIMS
LOANS

- 29.3
Cont'd.
- g. EMPLOYED BY - The member will indicate in this item the name of his employer, the county in which his employer is located, as well as the title of his position. This information will enable the Loan Section to certify loan deductions to the member's employer.
 - h. NOTARIZATION - The loan application must be executed before an individual who is authorized by law to administer oaths.

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LOAN APPLICATION**

LOAN REGULATIONS: Applicant must have 3 years of contributing membership. Loans are made in multiples of \$10.00; may not exceed 50% of member's total credit in the Annuity Savings Fund; may not be less than \$50.00; must be repaid in extra deductions at least equal to member's full rate of contribution and not more than 25% of his salary; must be repaid by the time the member reaches age 60. Not more than 2 loans will be granted in any calendar year.

Name _____ Membership No. _____
Please Print

Address to which check is to be mailed _____
Please Print

Amount of Loan Requested
\$ _____

Payment Requested
Monthly \$ _____ Bi-Weekly \$ _____

I understand that I must repay this loan, together with any balance I may have outstanding on a present loan, with interest at four per centum per annum, through payroll deductions.

Signature _____
(Full Name - Do Not Print)

Employed by: _____
State Department or Municipality County

_____ Title of Position

(This application should be executed before an individual authorized by law to administer oaths.)

State of _____ County of _____

On this _____ day of _____, 19 _____ personally appeared

before me the said _____, to me known to be the individual described in and who executed the foregoing instrument, and he (or she) duly acknowledged to me that he (or she) executed the same, and that the statements contained therein are true.

(Signature of Officer) _____ (If you have an official seal affix it.)
(Official Title) _____

(Do Not Write Below This Line - Pension Division Use Only)

- 1. Location Code _____
- 2. Bookkeeping Code 31 _____ 33 _____
41 _____ 43 _____
- 3. Quarterly _____ Central _____
- 4. 10 _____ 12 _____
- 5. Single Loan Payment \$ _____
- 6. Birth Date _____ 7. Full Rate _____ %
Month - Year

29.4 LOAN APPLICATION FORMS

- Teachers' Pension and Annuity Fund (Pink colored)
- Public Employees' Retirement System (Green colored)
- Police and Firemen's Retirement System (Blue colored)
- State Police Retirement System (Yellow colored)

ENROLLMENT AND CLAIMS
LOANS

- 29.5 PAYMENT AGAINST LOAN PRIOR TO COMPLETION - The member may at anytime make a lump sum payment against the total value of his loan obligation in order to terminate loan deductions from his pay check. If a member wishes to terminate an obligation, he should contact the Loan Section in order for them to determine the present value of the loan as of the date the member intends to forward a lump sum payment. In this manner, the Loan Section will notify the member of the amount that is required to terminate the obligation.
- 29.6 REVALUATION OF LOAN SCHEDULE - If a member is off the payroll for a period greater than eight months, any outstanding loan must be revalued and additional interest charged. All repayments of loans and revalued loans are certified to begin the first of any month.
- 29.7 CALCULATION OF ADDITIONAL LOAN - As members may borrow in any calendar year, it is possible for them to have a loan obligation upon the application for a second loan. In this event the present value of the first loan is calculated and added to the new loan. The resulting increased obligation will be scheduled in the same manner and subject to the same conditions as the original loan.



RETIREMENT AND PURCHASES
RETIREMENT

30. THE RETIREMENT AND PURCHASE BUREAU - The Retirement and Purchase Bureau has its functions divided between four sections: (1) Retirement - separate units calculate retirement benefits for members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, (2) Purchases - this section calculates the purchase of prior service or former membership service for the two major retirement programs, (3) Disability Review - this section processes the disability applications of all retirement systems administered by the Division of Pensions, and (4) Hearing Officer - this unit hears all appeals from decisions of all pension boards and commissions in the Division of Pensions. The work of the Retirement Section is detailed below beginning with Section 31. The work of the Purchase Section is discussed beginning with Section 40. The work of the Disability Review Section is discussed beginning with Section 35 while the work of the Hearing Officer is indicated in Section 39.
31. THE RETIREMENT SECTION - The Retirement Section of the Retirement and Purchase Bureau is responsible for providing members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund with individual quotations of retirement benefits upon request, and for calculating and authorizing payment of benefits to those members who file formal applications for retirement.
- 31.1 OBTAINING A QUOTATION OF BENEFITS - A member anticipating retirement should make his initial request for information at least 6 months in advance, so as to receive a preliminary quotation of benefits early enough to make an intelligent decision regarding the type of benefit to select. An early inquiry will also provide both the member and the Division of Pensions with sufficient time to resolve any questions which may arise after the quotation is received, and avoid delay in filing a formal application for retirement and the issuance of the first benefit check.

RETIREMENT AND PURCHASES
RETIREMENT

Requests for retirement benefit quotations may be made by personal letter or, preferably, on the "Request" forms issued and distributed by this office. Employers normally have a supply of the "Request" forms on hand, or the inquiry form attached to the Retirement Handbook distributed by the Division may be used. When writing for retirement information, the following data must be furnished:

- a. The retirement system in which the member is enrolled.
- b. Membership Number. (Not to be confused with Social Security Number.)
- c. Complete home address, including Zip Code.
- d. Anticipated date of retirement. (Must be the first day of a month.)
- e. Current and future annual salaries anticipated to the proposed retirement date.
- f. Sex and date of birth of prospective beneficiary, if information under Option 2, 3 or 4 is desired. Benefits payable under Option 1 are automatically furnished. A description of the survivorship options available is provided in section 37.5.

RETIREMENT AND PURCHASES
RETIREMENT

31.2 RETIREMENT ESTIMATE FORM (Teachers' Pension & Annuity Fund)

T-30-41-563

DIVISION OF PENSIONS—STATE OF NEW JERSEY

TEACHERS' PENSION AND ANNUITY FUND

BOX 2058, TRENTON 25, N.J. 08625

REQUEST FOR A RETIREMENT QUOTATION: (Please Print or Type)

1. Name _____ 2. Membership Number _____
3. Address _____ 4. Employer _____
5. Type of Retirement _____ 6. Tentative Retirement Date _____
7. *Beneficiary Data If Option Quote Desired:*
Name _____ 8. Date of Birth _____
Option No. _____ Relationship _____ 9. Current salary—\$ _____
Date of Birth _____ Sex _____ Future salaries) \$ _____
if known) \$ _____
10. *List Any Leaves Of Absence Without Pay During The Last Five Years:*

Date _____ Signature _____

31.3 RETIREMENT ESTIMATE FORM (Public Employees' Retirement System)

P 30-52-563

DIVISION OF PENSIONS—STATE OF NEW JERSEY

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOX 2058, TRENTON, N.J. 08625

REQUEST FOR A RETIREMENT ESTIMATE: (Please Print or Type)

1. Name _____ 2. Membership Number _____
3. Address _____ 4. Employer _____
5. Type of Retirement _____ 6. Tentative Retirement Date _____
7. *Beneficiary Data If Option Quote Desired:*
Name _____ 8. Date of Birth _____
Option No. _____ Relationship _____ 9. Current salary—\$ _____
Date of Birth _____ Sex _____ Future salaries) \$ _____
if known) \$ _____
10. *List Any Leaves Of Absence Without Pay During The Last Five Years:*

Date _____ Signature _____

RETIREMENT AND PURCHASES
RETIREMENT

32. TYPES OF RETIREMENT - The various types of retirement available are listed hereafter, together with the specific requirements for each benefit:
- a. SERVICE RETIREMENT - Available to all members age 60 or older. No minimum number of years of service credit is required.
 - b. EARLY RETIREMENT - Available at any age to a member who has established credit in his system for 25 or more years of service. Allowance is reduced by $\frac{1}{2}$ of 1% for each month the member lacks of being age 60. If the member is under age 53, his normal retirement allowance is reduced by 42% plus $\frac{1}{6}$ of 1% for each month under age 53.
 - c. DEFERRED RETIREMENT (VESTING) - Available to any member who has established credit in his system for 15 or more years of service. Benefits payable begin as of the first day of the month following the member's 60th birthday.

At any time between vesting and age 60, the member electing Deferred Retirement may withdraw his contributions or take Early Retirement benefits if he has 25 or more years of creditable service. If a member who has vested dies before reaching age 60, his accumulated contributions will be paid to his beneficiary or estate, but there is no insurance benefit payable.

- d. SPECIAL VETERAN RETIREMENT - Specific war veterans who were engaged in public employment in New Jersey on January 1, 1955 may retire at age 60 or later on an allowance equal to $\frac{1}{2}$ of the salary they received in their final year of service provided they have a minimum of 20 years of New Jersey public employment and continue in New Jersey public employment until age 60. Such war veterans entering New Jersey public employment after January 1, 1955 may qualify for the same benefit by continuing in employment until age 62 after a minimum of 20 years of New Jersey employment.

These special veteran retirement benefits cannot be vested. They are only available if the veteran is an active member at or after the ages specified.

RETIREMENT AND PURCHASES
RETIREMENT

Such war veterans who had completed 20 years of service prior to January 1, 1955 are also granted a $\frac{1}{2}$ final salary allowance in the event of ordinary disability.

While the veteran may wish to elect these special benefits, he may also retire on the same basis as non-veteran members.

32. Cont'd.
- e. ORDINARY DISABILITY RETIREMENT (NON-SERVICE CONNECTED) - Available to any member who has been an employee and a member of his retirement system for 10 or more years and becomes permanently incapacitated for further employment. For members under age 60, the benefit payable will be equal to $1\frac{1}{2}\%$ of final average salary for each year of creditable service. The minimum allowance payable is 40% of final average salary, except that in no case can the benefit be larger than 90% of the allowance which the member would have received had he remained in service to age 60. If the member retires after age 60, he will be granted his full service retirement allowance.

 - f. ACCIDENTAL DISABILITY RETIREMENT (SERVICE CONNECTED) - Should a member under age 65, regardless of years of service, become permanently and totally disabled as a direct result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties, he may qualify for a disability retirement allowance equal to 2/3rds of the salary he was receiving on the date of the accident, plus an annuity derived from his accumulated pension contributions. If a member files after age 65, a regular service retirement allowance is payable.

If an application for Accidental Disability retirement is denied by the Board of Trustees of his respective system, the member will automatically be granted Ordinary Disability retirement, if he meets all the qualifications for such benefit.

RETIREMENT AND PURCHASES
RETIREMENT

- g. TEACHERS' RETIREMENT FUND BENEFIT - If a retiring member of the Teachers' Pension and Annuity Fund was also a contributing member of the former "Teachers' Retirement Fund" prior to September 1, 1919, he will receive a small additional pension based on the actual contributions made to the former fund.

- h. LAW ENFORCEMENT OFFICERS - Certain inspectors and police officers of the State Motor Vehicle and Alcoholic Beverage Control Divisions, the Palisades Interstate Park Commission, detectives and investigators in County Prosecutor offices and certain law enforcement employees of the State Department of Conservation and Economic Development have the right to choose a special set of benefits as law enforcement officers. The duties required of these officers are such that they must often endanger themselves in order to maintain law and order. As a consequence, the System provides security for their families by way of more liberal disability and death benefits and by permitting them to retire at a somewhat younger age than other employees. For these benefits the employee, who elects to be a law enforcement officer member, must contribute at a rate which is higher than that paid by other employees.

- i. MANDATORY RETIREMENT - All members of the Public Employees' Retirement System must retire no later than 90 days after attaining 70 years of age, unless retained on the payroll by written request of the employer to the Board of Trustees.

Members of the Teachers' Pension and Annuity Fund must retire in their 70th year, and no later than the first of the month preceding their 71st birthday.

Disability retirement may be requested by the member, the employer, or someone acting on the member's behalf. Only a member may apply for Service Retirement, Early Retirement, Deferred Retirement or Veteran Retirement. The privilege of retirement under an option may only be exercised by a member.

RETIREMENT AND PURCHASES
RETIREMENT

If any employer is requesting the Disability retirement of a member, a certified copy of the enabling resolution must accompany the employer's request. It must be filed with the respective system a minimum of 30 days prior to the effective date of retirement. Requests for disability retirement must also include medical evidence of the employee's disability.

33. PREPARING FOR RETIREMENT - Retirement is NOT automatic. A member must file a formal application for benefits on a form prescribed by his system before he can receive any payments. If the member has made an earlier inquiry concerning retirement, he normally would have received a set of the proper forms. If not, such forms can be obtained promptly from the Division. Pension benefits cannot be granted on a retroactive basis. A minimum of 30 days advance filing is required, and retirement can become effective only on the first day of a month. If the member wishes to avoid any unnecessary delay or possible loss of income, it is important that he request a quotation of benefits well in advance of his intended retirement date.
34. APPLICATION FOR SERVICE AND AGE RETIREMENT - The service retirement applications of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund are very similar. The same information is required on each form, although the format differs slightly. Service retirement applications are used for Service Retirement, Early Retirement, Veteran Retirement and Deferred Retirement (Vesting) only. Special application forms are required for Ordinary and Accidental Disability Retirement, and these are explained in detail beginning with section 35.1.

The following information must be completed by the applicant:

NAME - Print or type full name. A middle initial is not always sufficient, since we have an amazing duplication of names in our file of hundreds of thousands of active and terminated accounts.

RETIREMENT AND PURCHASES
RETIREMENT

34. Cont'd. MEMBERSHIP NUMBER - Enter the membership number assigned at enrollment, and which will have been used in any correspondence received from this Division. Avoid transposing any of the digits. The applicant should not enter his Social Security number.

ADDRESS - The member should furnish his correct mailing address, and not the address where he is employed. If the address after retirement will be different from where he is residing during employment, the specific address to which the applicant wishes his retirement checks to be mailed should be entered. The Division should be advised promptly of any subsequent change in mailing address.

EMPLOYER - The name and county location of the employer or school district should be clearly indicated.

DATE OF BIRTH - The member's exact date of birth should be entered, and he should be prepared to furnish supporting evidence if the Division requests it. If he plans to elect Option 2, 3 or 4 at retirement so as to provide a specific survivor's benefit for a beneficiary, we will also require evidence of the beneficiary's date of birth. He should therefore make an effort to secure such evidence and have it available when he applies for retirement. Birth or baptismal certificates are considered primary evidence and copies of such records can usually be obtained from the Bureau of Vital Statistics in the city or State of birth. In lieu of these documents, a copy of his recorded age can be obtained from the Bureau of Census, Department of Commerce, Washington, D.C. If any question arises, the Division will be happy to assist in obtaining acceptable evidence.

TYPE OF RETIREMENT - As previously indicated, this service retirement application form can be used only for Service Retirement, Early Retirement, Veteran Retirement and Deferred Retirement (Vesting). The provisions and eligibility requirements for these types of retirement were detailed in section 32.

RETIREMENT AND PURCHASES
RETIREMENT

34. Cont'd. **MAXIMUM OR OPTION** - This entry on the member's application will determine the amount of allowance he will receive. If he desires the largest possible amount, with payments ceasing at his death, he should select a maximum allowance without option. If the member selects an option at retirement in order to provide a survivor's benefit for a beneficiary, he will receive a reduced allowance during his lifetime. However, the member must indicate a specific optional selection in this case. A description of the different optional selections is provided in section 37.5.

Selection of an option is irrevocable after the retirement has become effective. A member may change his selection at any time prior to the effective date by contacting the office of the Division of Pensions.

It is possible that a member may have to file an application suddenly and before having an opportunity to obtain an estimate of retirement benefits. However, he should still complete this part of the form with the understanding that he will have the privilege of changing his selection after he has received his individual retirement quote. Such a change would have to be made promptly and in any event, before retirement payments are scheduled to become effective.

EFFECTIVE DATE - The applicant must enter the specific date upon which he wishes his retirement to become effective. Attention is called to the fact that retirement is never retroactive, and that it cannot be effective earlier than the date the Division receives the application, and that it must be made effective on the first day of a month.

A minimum of 30 days advance filing is required for members of the Teachers' Pension and Annuity Fund. While 30 days notice is not mandatory for members of the Public Employees' Retirement System, it is recommended and encouraged to avoid unnecessary delay in processing.

RETIREMENT AND PURCHASES
RETIREMENT

DESIGNATION OF BENEFICIARY - This part of the form MUST be completed in all cases, whether the member retires on a maximum allowance without option, or selects an optional settlement. If no individual is to be designated, he should name his estate. It should be remembered that in the event of death after retirement an insurance benefit may be payable, so that it is important that a designation of beneficiary be made at retirement. This designation will supersede any previous designation that has been made during active membership.

A beneficiary named under a maximum allowance without option or under Option 1 may be changed after retirement. However, an individual named as beneficiary under Option 2, 3 or 4 is irrevocable after retirement has become effective, and cannot be changed thereafter.

SIGNATURE AND NOTARIZATION - The completed application for retirement should be signed before a notary or any other official authorized to take affidavits, who must also affix his signature. The member should sign the form exactly as he plans to endorse his retirement checks, since he will receive a "signature card" after retirement which he will sign and return for our Signature verification file.

CERTIFICATION BY EMPLOYING AGENCY - This blank appears only on the Public Employees' Retirement System application form. Each retiring member of that system should have the application endorsed by an official of his employing entity, as evidence that his employers have received notice of his proposed retirement.

EMPLOYER'S CERTIFICATION - The Division also requires that a "Certification of Service and Final Salary" form must be completed by the Secretary of the Board of Education, certifying agent, or payroll clerk before retirement. The purpose of this form is to verify the amount of final salary as contained in our records, in order to determine that the member receives proper retirement credit, to have a statement listing any periods of absence or leave without pay, and to receive from the employer advance notice of the pension,

RETIREMENT AND PURCHASES
RETIREMENT

34. Cont'd. purchase arrears and/or loan deductions to be made from final salary. These final deductions normally would not yet have been reported to our office since we require employers to remit and report deductions only on a quarterly basis. With this advance certification on hand, the Division can process a retirement promptly without having to await the receipt of the quarterly report.

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY
APPLICATION FOR RETIREMENT ALLOWANCE

(Application must be filed a minimum of 30 days prior to the desired effective date.)

- 1. Name of Applicant _____ (PRINT OR TYPE FULL NAME)
- 2. Membership No. _____
- 3. Mailing Address _____ (ZIP CODE)
- 4. School District _____ County _____
- 5. Position _____
- 6. Date of Birth _____ (MONTH-DAY-YEAR)
- 7. Veteran _____ (YES-NO)
- 8. If answer to item 7 is "Yes", have you forwarded evidence of veteran status? _____ (YES-NO)
- 9. Were you a member of the old "Teachers" Retirement Fund" repealed in 1919? _____ (YES-NO)

If the answer is "Yes" please give membership number if known _____

- 10. Type of retirement desired _____ (SERVICE, EARLY, DEFERRED, VETERAN)

Applicants for disability retirement must apply to the Division for special forms. (Do not use this form to file for any type of disability retirement).

- 11. Retirement benefits to become effective on the first day of _____, 19 _____.
- 12. Do you wish to receive the maximum allowance without option? _____ } SEE BOOKLET FOR DESCRIPTION OF AVAILABLE OPTIONS.
 - (a) If not maximum, state the option desired:-Option 1, 2, 3, or 4 _____
 - (b) If option 4 is chosen, state the annual amount of survivorship allowance \$ _____.
 - (c) If survivorship allowance is requested under Option 2, 3, or 4 submit evidence of date of birth of beneficiary herewith.

- 13. Designation of beneficiary for any benefits due after my death if he or she survives me, otherwise to the executor or administrator of my estate: *This designation shall apply only after my retirement has become effective.*

Name of Beneficiary _____ (FIRST) (MIDDLE) (LAST)

Address _____ (STREET AND NUMBER) (CITY) (STATE)

_____ (SEX) (RELATIONSHIP TO ME) (BIRTH; MONTH-DAY-YEAR)

(APPLICANT SIGN HERE)

State of _____ }
County of _____ } ss

Sworn and subscribed before me this _____ day of _____, 19 _____.

Signature of Notary or
Commissioner of Deeds _____

Official Title _____

} If you have an
Official Seal
Affix It

34.2

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATE OF NEW JERSEY
APPLICATION FOR RETIREMENT
(Read instructions on back before completing this form)

1. Name _____ 2. Membership No. _____

3. Mailing address _____

4. Birth date _____
(MONTH) (DAY) (YEAR)

5. Veteran: Yes No _____
(GIVE TITLE OF POSITION AS IT APPEARS ON PAYROLL)

6. Employing agency _____ County _____

7. Type of retirement (see instruction 4 on back) _____

8. a. I wish to receive the maximum allowance without option , or I wish to retire under option 1 2 or 3 .
(Check one box only.)

b. If survivorship allowance is requested under option 2 or 3, submit evidence of date of birth of beneficiary herewith.
(For types of evidence acceptable, see instruction 5b on back.)

9. Retirement benefits to become effective on the first day of _____, 19 _____.

10. I hereby nominate the following named person as the beneficiary who shall receive payment of any and all amounts due or to become due upon my death. (Do Not Leave Blank - Name estate if specific beneficiary is not named.)
(This designation shall apply only after my retirement has become effective.)

Name _____

Address _____

Birth date _____
(MONTH) (DAY) (YEAR)

Sex M F Relationship _____

If a different beneficiary than the above is to receive payment of the paid-up life insurance benefit of 3/16th of salary paid during the last year of creditable service, insert name _____

relationship _____ address _____

(SIGNATURE OF APPLICANT)

State of _____)
) SS
County of _____)

Sworn and subscribed before me this

_____ day of _____, 19 _____.

Signature of Notary or Commissioner of Deeds _____) If you have an
) Official Seal,
Official Title _____) affix it.

CERTIFICATION BY
EMPLOYING AGENCY

Notice of the above retirement
has been received:

(CERTIFYING AGENT)

RETIREMENT AND PURCHASES
RETIREMENT

35. **DISABILITY REVIEW SECTION** - The Disability Review Section of the Retirement and Purchase Bureau has been established for the primary purpose of facilitating the processing of disability retirement claims. All applications, correspondence and telephone calls relating to disability retirement are channeled to this one central unit to assure standardization of reply and processing. The Disability Review Section reviews all disability applications, determines individual status and eligibility, arranges for all necessary medical examination appointments (the expenses of which are paid by the Division), advises and assists in obtaining any supplemental reports, arranges referral of completed reports to the Medical Panel for evaluation, and prepares the completed claims for the Secretary of the particular retirement system and its respective Board of Trustees or Commission.

Another function of the Disability Review Section is to arrange for the appearance of various witnesses and medical specialists required by the Attorney General's office in connection with any hearings on retirement matters scheduled by the Division Hearing Officer (See Section 39).

- 35.1 **DISABILITY RETIREMENT** - The basic requirement for Ordinary Disability and Accidental Disability Retirement is that total and permanent disability must be evident and substantiated. There is no provision whatsoever for granting temporary disability benefits.

Any member who is totally and permanently disabled as a result of an accident in the performance of his employment may apply for Accidental Disability Retirement regardless of length in service. This requires a prompt reporting of the accident while the retirement application must be filed within five years of the accident. The Board of Trustees may waive this requirement if circumstances warrant such action. If the disability is not related to an accident on the job, the member may file for Ordinary Disability Retirement benefits provided he has been a member of the system for a minimum of 10 years. If employment was previously terminated and the member is not on an official leave of absence, an application for such disability benefits must be filed before one year has elapsed since the date of the termination of employment.

RETIREMENT AND PURCHASES
RETIREMENT

Special application forms are required for disability retirement, a two-part form for Ordinary Disability and a four-part form for Accidental Disability. The applications for members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund differ somewhat, as illustrated by the sample copies of these forms illustrated below.

CERTIFICATION OF SERVICE AND SALARY - The same service and salary certification forms described in Section 34, and used for regular age and service retirement, are required for any type of disability retirement application.

35.2 PUBLIC EMPLOYEES' RETIREMENT SYSTEM APPLICATION -

- (a) PART I - Basic application form upon which the employee enters identifying data, indicates his request for either Ordinary or Accidental disability, stipulates the effective date and selection of option, designates beneficiary and affixes his signature. The application requires a notary's signature and seal. In accord with Attorney General's ruling, the application also includes a printed statement advising that an applicant for Accidental Disability benefits will be retired on Ordinary Disability, if eligible, should the Board of Trustees deny the original application but find that the member is indeed disabled.
- (b) PART II - (Reverse side of PART I) - Employer's certification of disability which also requires a history of the member's absences due to illness during the two years preceding retirement, both with and without pay. A statement outlining the duties applicable to the member's position is provided, and the fact, that Ordinary Disability will be granted if Accidental Disability is disapproved, is reiterated.
- (c) PART III - This form is required only for Accidental Disability claims, and is the applicant's personal statement supporting such claim. The employee must itemize his title, time, date and place of the accident, and furnish a detailed description of the accident, injuries incurred, any periods of hospitalization and absence from work due to such accident. He is required to advise if the application is voluntary, and if an application for Workmen's Compensation has been or is scheduled to be filed. A notarized signature is required on this form.

RETIREMENT AND PURCHASES
RETIREMENT

- (d) PART IV - (Reverse side of PART III) - This form is required only for Accidental Disability claims, and is the employer's certification concerning the accident. Information regarding the time, date and place of the occurrence is required, a statement of the duties being performed at the time of the accident must be added, and the employer must certify whether or not the accident was the result of willful negligence, and if they feel that the employee is totally and permanently incapacitated for further performance of his duties.

35.3 TEACHERS' PENSION AND ANNUITY FUND APPLICATION -

- (a) PART I - Basic application form upon which the employee enters identifying data, indicates his request for either Ordinary or Accidental Disability, stipulates the effective date and his selection of an option, designates his beneficiary and affixes his signature. This application requires a notary's signature and seal. A special information item concerning membership in the old "Teachers' Retirement Fund" is also requested.
- (b) PART II - (Reverse side of PART I) - This is the applicant's personal statement supporting his claim for disability benefits. If the application is for Ordinary Disability benefits, only sections 1 and 2 require completion. If Accidental Disability Retirement is requested, sections 3 through 8 must also be completed. This form also requires a statement stipulating that Ordinary Disability Retirement will be granted if an application for Accidental Disability benefits is denied, providing the applicant is otherwise qualified.
- (c) PART III - This is an employer certification form executed only if the application is for Ordinary Disability. The employer must state whether or not the employee is considered incapacitated for duty, and list any absences during the two years preceding retirement, with and without pay. A statement is also required advising that the employee has resigned, the effective date of resignation, and that he is not on leave of absence.

RETIREMENT AND PURCHASES
RETIREMENT

35.3 Cont'd. (d) PART IV - (Reverse of PART III) - This is a Medical Report to be completed by the Board of Education Physician, related to the Ordinary Disability claim. The Physician is asked to furnish a report of his findings regarding the disability, advise if the employee is considered to be partially or fully incapacitated, and if he recommends disability retirement.

(e) PART III A - This is the employer certification form used only for Accidental Disability claims, requiring considerably more data than the report submitted for Ordinary Disability.

Information regarding Workmen's Compensation is requested in addition to the normal certification of time, date and place of accident. The employer is also required to attach (1) Board Resolution regarding the retirement, (2) a statement of the applicant's regular duties, and the duty performed at the time of the accident, (3) a detailed report of the accident and any injuries incurred, and (4) a report of all absences from employment.

(f) PART IV - (Reverse of PART III A) - This is a Medical Report form applicable to an Accidental Disability claim to be completed by the School Board Physician. Considerably more detail is required on this report, as compared to the PART IV report required for Ordinary Disability. A detailed statement concerning the accident, injuries sustained, present condition and prognosis must be completed.

35.4

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATE OF NEW JERSEY
APPLICATION FOR DISABILITY RETIREMENT

INSTRUCTIONS

1. Employer must complete reverse side of this form.
2. Medical report of your personal physician must be filed with application.
3. If your disability necessitated hospitalization, arrange with hospital to forward transcript of hospital records directly to Disability Review Section, Division of Pensions, 137 East State Street, Trenton, New Jersey 08625.
4. For explanatory information see "Public Retirement in New Jersey" booklet.

PART I - (To be completed by applicant)

1. Name of Applicant _____ 2. Membership No. _____
(print or type full name)

3. Mailing Address _____

4. Employer _____ County _____

5. Position _____ 6. Date of Birth _____
(month - day - year)

7. I do hereby apply for: ORDINARY DISABILITY RETIREMENT *(Applicant must be under age 60.)*
 * ACCIDENTAL DISABILITY RETIREMENT *(Applicant must be under age 65.)*

* Applicants for Accidental Disability must also submit Parts III and IV of "Application for Disability Retirement" form. Please note that an applicant for accidental disability will be retired on an ordinary disability retirement allowance, provided he meets the service qualifications for such retirement, if the Board of Trustees of the Public Employees' Retirement System finds that he is totally and permanently disabled but that his disability is not the direct result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties.

8. Because of the following disability, I hereby certify, and swear or affirm, that I am presently unable to perform the duties of my employment. *(State the symptoms of your disability, not necessarily in medical terminology, which render you unable to perform your duties):* _____

Retirement benefits to become effective on the first day of _____, 19 ____.

10. Do you wish to receive the maximum allowance without option? _____ *(Yes or No)*

(a) If not maximum, state the option desired: Option 1,2,3, or 4 _____

(b) If Option 4 is chosen, state the annual amount of survivorship allowance \$ _____.

(c) If survivorship allowance is requested under Option 2, 3, or 4 submit evidence of date of birth of beneficiary herewith.

11. Designation of beneficiary for any benefits due after my death if he or she survives me, otherwise to the executor or administrator of my estate: This designation shall apply only after my retirement has become effective.

Name of Beneficiary _____
(first) (middle) (last)

Address _____
(street and number) (city) (state)

(sex) (relationship to me) (birth: month-day-year)

State of _____
County of _____ SS

Sworn and subscribed before me this _____ day of _____, 19 ____.

If you have an Official Seal,
Affix It

Signature of Notary _____

Official Title _____

Signature of Applicant

7-1-66, TL #20

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CERTIFICATION OF EMPLOYER**

PART II - (To be completed by employer)

This is to certify that _____, _____
(member) (position)

_____ incapacitated for the continued performance
(is) (is not) (physically) (mentally)
of duty and _____ be retired. This certification is based upon the medical report of
(should) (should not)

Dr. _____,
(address)

a copy of this report is attached.

A record of the member's absences, due to illness, in the past two years with pay and without pay is as follows:

Dates	Indicate whether With or Without Pay
_____ to _____	_____
_____ to _____	_____
_____ to _____	_____

The member last reported for work on _____.

If member is now on an official leave of absence due to illness, indicate inclusive dates of leave
_____.

If member has resigned, indicate date of resignation _____.

The duties of the member's position are:

The employer fully understands that an applicant for accidental disability will be retired on an ordinary disability retirement allowance, provided he meets the qualifications for such retirement, if the Board of Trustees of the Public Employees' Retirement System finds that he is totally and permanently disabled but that his disability is not the direct result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties.

Signature of Certifying Agent

Date

Employing Agency

County

A "Certification of Service and Final Salary" form must accompany this application.

35.6

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATE OF NEW JERSEY
APPLICATION FOR DISABILITY RETIREMENT**

PART III - (To be completed by applicant)

APPLICANT'S STATEMENT SUPPORTING CLAIM FOR ACCIDENTAL DISABILITY RETIREMENT ALLOWANCE

I declare that I am incapacitated for further service as a _____ as a result of a
(position)
traumatic event (*accident*), which occurred while I was performing my duties at _____ on
(time)
_____ at _____
(date) (place)

1. Describe the traumatic event in detail, including description of injuries received by you:

2. Periods of hospitalization arising from traumatic event _____

3. Periods of absence from duties due to traumatic event (*include leave with pay*) _____

4. Have you performed regular duty since the traumatic event? _____

5. Is this a voluntary application for Disability Retirement? _____

6. Has a claim been filed or will a claim be filed for Workmen's Compensation? _____

What compensation has been awarded? _____

Date award was made? _____

I hereby certify that I fully understand that I will be retired on an ordinary disability retirement allowance, provided I meet the qualifications for such retirement, if the Board of Trustees of the Public Employees' Retirement System finds that I am totally and permanently disabled but that my disability is not the direct result of a traumatic event occurring during and as a result of the performance of my regular or assigned duties.

Signature of Applicant

State of _____ ss
County of _____

Sworn and subscribed before me this _____ day of _____, 19 _____
If you have an Official Seal,
Affix it

Signature of Notary _____

Official Title _____

7-1-66, TL #20

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CERTIFICATION OF EMPLOYER**

PART IV - (To be completed by employer)

We hereby certify that the records of this office show that:

1. _____ was injured in the performance of his/her duties
Name of Applicant
on _____ at _____ at _____
date place time

2. He/she was performing the following duties at the time of the traumatic event (accident) which was described by the applicant in item 1, Part III of this application.

3. The traumatic event was/was not the result of his/her willful negligence.

On the basis of medical evidence, we further certify that:

- 1. The employee is permanently and totally disabled as a direct result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties, and should be retired on an accidental disability retirement benefit.
- 2. The employer fully understands that the applicant will be retired by the Board of Trustees of the Public Employees' Retirement System on an ordinary disability retirement allowance, provided he meets the qualifications for such allowance, if it determines that he is totally and permanently disabled but that such disability is not the direct result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties.

Signature: _____
Certifying Agent

Employing Agency

Date

7-1-66, TL #20

35.8

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY
APPLICATION FOR DISABILITY RETIREMENT ALLOWANCE

INSTRUCTIONS

1. An application for retirement must be filed a minimum of 30 days prior to the desired effective date.
2. This application must be completed in every detail before it can be accepted.
3. Your personal physician should complete Medical Report (Form T-30-57-1064) and forward it directly to the Pension Fund.
4. If your disability necessitated hospitalization, arrange with the hospital to forward a transcript of your hospital records directly to the Pension Fund.
5. For explanatory information see "Handbook for Teachers Retirement in New Jersey".

PART I - (To be completed by applicant)

1. Name of Applicant _____ 2. Membership No. _____
(print or type full name)

3. Mailing Address _____

4. School District _____ County _____

5. Position _____ 6. Date of Birth _____ 7. Veteran _____
(Month-Day-Year) (Yes-No)

8. I do hereby apply for: ORDINARY DISABILITY *(Applicant must be under age 60)*
 ACCIDENTAL DISABILITY *(Applicant must be under age 65)*

9. Retirement benefits to become effective on the first day of _____, 19 _____.

10. Do you wish to receive the maximum allowance without option? _____ } See Handbook for description of available options.

(a) If not maximum, state the option desired:-Option 1, 2, 3 or 4 _____

(b) If option 4 is chosen, state the annual amount of survivorship allowance \$ _____.

(c) If survivorship allowance is requested under Option 2, 3, or 4 submit evidence of date of birth of beneficiary herewith.

11. Designation of beneficiary for any benefits due after my death if he or she survives me, otherwise to the executor or administrator of my estate: *This designation shall apply only after my retirement has become effective.*

Name of Beneficiary _____
(First) (Middle) (Last)

Address _____
(Street and Number) (City) (State)

(Sex) (Relationship to me) (Birth; Month-Day-Year)

State of _____ } (Applicant sign here)
County of _____ } ss

Sworn and subscribed before me this _____ day of _____, 19 _____.

Signature of Notary or Commissioner of Deeds _____

Official Title _____ } If you have an Official Seal Affix It

Applicant Must Complete Reverse Side

35.9

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY

APPLICANT'S STATEMENT SUPPORTING CLAIM FOR DISABILITY RETIREMENT

PART II - (To be completed by applicant)

1. I declare that I am incapacitated for further service as a _____ due to the following reasons (State the symptoms of your disability, not necessarily in medical terms, which render you unable to perform your present duties):

2. Periods of absence from duties in past 2 years due to illness (include leave with pay) _____

ITEMS 3 THROUGH 8 MUST ALSO BE COMPLETED IF YOU ARE APPLYING FOR ACCIDENTAL DISABILITY RETIREMENT.

3. I declare that I am permanently and totally disabled as a direct result of a traumatic event occurring during and as a result of the performance of my regular or assigned duties at _____ on _____
(Time) (Date)
at _____
(Place)

4. Describe the traumatic event (accident) in detail _____

5. Periods of hospitalization arising from traumatic event. _____

6. Have you performed regular duty since the traumatic event? _____

7. Is this a voluntary application? _____

8. Has a claim been filed or will a claim be filed for Workmen's Compensation? _____, if so what payments, if any, are you receiving? _____

Date Award was made? _____

I understand that I will be retired on an ordinary disability retirement allowance, provided I meet the statutory requirements, if the Board of Trustees finds that I am totally and permanently disabled, but that my incapacity is not the direct result of a traumatic event occurring during and as a result of the performance of my regular or assigned duties.

Signature _____

(All information volunteered by this statement will be used exclusively by the Teachers' Pension & Annuity Fund and will not be willingly released for any other purpose.)

35.10

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY
CERTIFICATION OF EMPLOYER

PART III - (To be completed by employer)

Re: Application of: _____
Member No.

FOR ORDINARY DISABILITY RETIREMENT
(N.J.S.A. 18:13-112.41)

Board of Trustees
Teachers' Pension and Annuity Fund
Trenton, New Jersey

Gentlemen:

This is to certify that _____
Member Position

is (is not) physically/mentally incapacitated for the performance of duty and should (should not) be retired based upon the Report executed by the School Board Physician on the reverse side of this certification.

The following is a record of the member's absence due to illness in the past 2 years with and without pay

DATES

_____ to _____
_____ to _____
_____ to _____

The member last reported for work on _____ and is (is not) presently on official leave of absence due to illness. The member has resigned or submitted his/her resignation to take effect as of _____.

Signed _____
Secretary

Board of Education

Date

Please See Reverse Side

35.11

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY
MEDICAL REPORT OF SCHOOL BOARD PHYSICIAN

PART IV - (To be completed by physician)

Re: _____
Member No.

Does this report reflect the results of your personal examination of this employee? _____

If not from what source did you obtain the information for this report and recommendation _____

1. Is this employee totally incapacitated for his/her duties? _____

2. Are there any comparable duties the employer may assign? _____

3. If this employee is only partially incapacitated, estimate per cent of incapacity _____

4. In all reasonable probability will the disability continue permanently? _____

5. In your judgement should the employee be relieved from his/her present duties:
permanently _____, temporarily _____ for a period of _____

6. Do you consider the employee so disabled that he/she will be prevented from engaging in any kind of
work _____

7. Do you recommend retirement? _____

_____ 19 _____

(Print or Type)

Signed _____

(Full Name)

(Address)

(New Jersey License Certificate No.)

**ALL INFORMATION CONTAINED IN THIS REPORT WILL BE RESTRICTED FOR THE CONFIDENTIAL USE OF THE
BOARD OF TRUSTEES, TEACHERS' PENSION AND ANNUITY FUND.**

35.12

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY
CERTIFICATION OF EMPLOYER

RT IIIA - (To be completed by employer)

Re: Application of: _____
Member No. Position

FOR ACCIDENTAL DISABILITY RETIREMENT

Board of Trustees
Teachers' Pension and Annuity Fund
Trenton, New Jersey

Gentlemen:

In accordance with the provisions of N.J.S.A. 18:13-112.41 the _____
Board of Education at a regular meeting on _____ adopted the resolution, attached hereto,
certifying that the subject applicant is permanently and totally disabled as the direct result of a traumatic event
occurring during and as a result of the performance of his regular or assigned duties, and that said traumatic event
which occurred at _____ on _____
Time Date
at _____, was not the result of
Place
his/her willful negligence.

The applicant has/has not filed a claim for benefits under Workmen's Compensation. (If none filed please
explain). The applicant has received temporary disability benefits totalling \$ _____, and a total
of \$ _____ in permanent disability benefits to date under Workmen's Compensation on the basis
of an award granted _____
Date

In connection with the applicant's claim for an accidental disability retirement allowance in the
Teachers' Pension and Annuity Fund, I am attaching the following hereto:

- 1) Resolution of the Board
- 2) A statement describing the applicant's regular duties and the duties he/she was performing at the time of the accident.
- 3) A report of the accident and extent of injuries as recorded in the school records and the date the accident was recorded.
- 4) A report showing his/her periods of absence from employment including leave with pay.
- 5) Also the report on the reverse side of this certification has been completed by the School Board Physician.

It is understood that if the Board of Trustees finds the applicant to be disabled, but not as a direct
result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties,
the applicant shall be retired by the Board on an ordinary disability retirement allowance, provided he meets the
statutory requirements.

Signed _____
Secretary

_____ Date _____
Board of Education

35.13

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY
MEDICAL REPORT OF SCHOOL BOARD PHYSICIAN

PART IV - (To be completed by physician)

Re: _____
Member No.

Did you attend the employee at the time of the traumatic event (*accident*)? _____

If not, was the attending physician's report made available to you? _____

What injuries did the employee suffer on the stated date? _____

What is the present condition of the employee? _____

Please give a prognosis _____

In your opinion, is this employee permanently and totally disabled in the performance of duties as a direct result of the described traumatic event? _____

_____ 19 _____

Signed _____

(Print or Type)

(Full Name)

(Address)

(New Jersey License Certificate No.)

ALL INFORMATION CONTAINED IN THIS REPORT WILL BE RESTRICTED FOR THE CONFIDENTIAL USE OF THE BOARD OF TRUSTEES, TEACHERS' PENSION AND ANNUITY FUND.

RETIREMENT AND PURCHASES
RETIREMENT

36. **SUPPLEMENTAL FORMS** - Several other supplemental report forms are required for disability retirement, as prescribed by the Board of Trustees of the specific system:

(a) **PUBLIC EMPLOYEES' RETIREMENT SYSTEM -**

PERSONAL PHYSICIAN MEDICAL EXAMINATION REPORT - This form should be filed together with the application for retirement. The applicant's personal physician is required to complete both sides of the report form, furnishing information concerning treatment and history of the disability, physical examination, diagnosis, prognosis and indicating that he is a licensed physician in New Jersey; Part 6 of the form is completed only if the application is for Accidental Disability.

(b) **TEACHERS' PENSION AND ANNUITY FUND -**

PERSONAL PHYSICIAN MEDICAL EXAMINATION REPORT - This form is required for both types of disability application, and is completed by the employee's personal physician. Both sides of the report form must be executed furnishing the same information as required on the similar PERS form.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATE OF NEW JERSEY

P.O. BOX 1828

MEDICAL EXAMINATION BY PERSONAL PHYSICIAN

137 E. STATE ST.
TRENTON 25, N.J.

THIS FORM MUST BE FILED WITH APPLICATION FOR DISABILITY RETIREMENT

Note: This Report is Restricted to the Confidential Use of the Board of Trustees.

Employee's Name _____ Date of Birth _____ Age _____

Address _____ City _____ County _____

Occupation _____ Agency _____

-
- I. (a) Have you treated the above-named employee for any cause at any time in the past? If so, give particulars.
 - (b) Has such disease, injury or ailment caused this employee to become incapacitated in the performance of his (her) duties?

-
- II. HISTORY of the condition causing disability.
 - (a) Date and mode of onset.
 - (b) Progress and present status:
 - (c) Is his (her) condition a spontaneously progressive one?
 - (d) Can this condition be so treated as to result in:
 - (1) Cure?
 - (2) Stopping progress of disability?
 - (3) Retarding progress of disability?

III. PHYSICAL EXAMINATION - Describe fully the pertinent data including results of significant X-ray or laboratory findings.

-
- IV. DIAGNOSIS
 - (a) What is your diagnosis?

36.2
P.O. BOX 1780

TEACHERS' PENSION & ANNUITY FUND
STATE OF NEW JERSEY

137 E. STATE ST.
TRENTON, N.J. 08625

MEDICAL EXAMINATION BY PERSONAL PHYSICIAN

THIS FORM MUST BE FILED WITH APPLICATION FOR DISABILITY RETIREMENT

Note: This Report is Restricted to the Confidential Use of the Board of Trustees.

Employee's Name _____ Date of Birth _____ Age _____
Address _____ City _____ County _____
Occupation _____ Agency _____

I. (a) Have you treated the above-named employee for any cause at any time in the past? If so, give particulars.

(b) Has such disease, injury or ailment caused this employee to become incapacitated in the performance of his (her) duties?

II. HISTORY of the condition causing disability.

(a) Date and mode of onset.

(b) Progress and present status:

(c) Is his (her) condition a spontaneously progressive one?

(d) Can this condition be so treated as to result in:

(1) Cure?

(2) Stopping progress of disability?

(3) Retarding progress of disability?

III. PHYSICAL EXAMINATION - Describe fully the pertinent data including results of significant X-ray or laboratory findings.

IV. DIAGNOSIS

(a) What is your diagnosis?

RETIREMENT AND PURCHASES
RETIREMENT

- 37.1 PROCESSING RETIREMENT APPLICATIONS - Completed applications for retirement should be mailed to the Division as early as possible after the member has definitely decided to retire. The Division will then be in a position to process individual cases well in advance of the effective date requested, advise the member of any adjustment which may be required, and request the exact amount of any balance outstanding on a purchase contract or a loan which must be paid prior to retirement.

Service retirement applications require a processing period of 3 or 4 weeks; applications for disability retirement require 6 to 10 weeks for processing because of the medical examination and the many supplemental reports which are required.

- 37.2 APPROVAL OF RETIREMENT APPLICATIONS - An application for retirement must be complete in every detail before it can be presented to the Board of Trustees for approval. The statute requires that a retirement application must be formally approved by the Board of Trustees of the system in which the member is enrolled before payment can begin. The Boards of Trustees of each system meet once a month, normally the third Tuesday of each month for the Public Employees' Retirement System, and the second Thursday of each month for the Teachers' Pension and Annuity Fund. All pending applications for retirement which are complete and in proper order before the meeting dates are presented to the Boards for approval.

- 37.3 NULLIFICATION OF RETIREMENT - The statute provides that a retirement allowance shall not become due and payable until 30 days after the date the Board of Trustees approves the application for retirement, or 30 days after the effective date, whichever is later. Therefore, should an applicant die before his retirement allowance becomes due and payable, the retirement will be nullified and the member will be considered as if he had not retired at the time of his death. Payment of death benefits will be determined accordingly.

RETIREMENT AND PURCHASES
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- 37.4 RETIREMENT CHECKS - Initial retirement checks in accordance with law cannot be mailed earlier than 30 days following the date of Board approval, or the effective date of retirement, whichever is the later of the two dates. All checks will be drawn for a full monthly allowance, and will be mailed on the first business day of the month following the month for which payment is due. Retirement benefits are never paid in advance. If approval has been delayed, the initial check will include all benefits accrued since the effective date of retirement.
- 37.5 OPTIONS - The basic benefits at retirement produce the largest or maximum allowance payable to a member from the time he retires until he dies. The maximum allowance stops at the death of the retired member. However, at the time of retirement, a member may wish to select certain optional benefits which would better suit his particular needs. His monthly retirement allowance would then be reduced to compensate for the additional benefits provided. The options are:
- OPTION 1 - If the retirant dies before he has collected, in the form of monthly allowances, the full proceeds of the initial reserve established by the Fund to support his retirement, the unused balance of the initial reserve is paid in one lump sum to his designated beneficiary, if living, otherwise to the retirant's estate.
- OPTION 2 - Upon the death of the retirant, his retirement allowance would continue to be paid throughout the lifetime of his designated beneficiary, if he or she survives him.
- OPTION 3 - Upon the death of the retirant, an amount equal to 1/2 of his retirement allowance would be paid throughout the lifetime of his designated beneficiary, if he or she survives him.
- OPTION 4 - Under the provisions of option 4, a member may specify the amount of allowance (cannot exceed amount available under option 2) to be paid throughout the lifetime of his designated beneficiary, if he or she survives him.

RETIREMENT AND PURCHASES
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Under option 2, 3 or 4, the designated beneficiary is fixed at the time of retirement and cannot be changed thereafter.

No election or optional selection shall be effective if the retiring member dies before his retirement allowance becomes effective.

37.6 LIFE INSURANCE - Life insurance coverage after retirement differs between the systems because of past mortality experience.

37.61 PUBLIC EMPLOYEES' RETIREMENT SYSTEM -

DISABILITY RETIREMENT - The insurance benefit is equal to $1\frac{1}{2}$ times the salary received during the last year of service until age 60. If death occurs after age 60, the insurance is equal to $\frac{3}{16}$ ths of final salary.

SERVICE, EARLY OR DEFERRED RETIREMENT - Insurance benefit after age 60 equal to $\frac{3}{16}$ ths of final salary.

These benefits are derived from the non-contributory group life insurance plan; no benefits continue after retirement because of contributory insurance coverage.

37.62 TEACHERS' PENSION AND ANNUITY FUND -

DISABILITY RETIREMENT - Insurance equal to $1\frac{1}{2}$ times the salary received during the last year of service until age 60, and $\frac{3}{16}$ ths of salary thereafter, under the non-contributory group life insurance plan. If the member was also insured under the contributory group life insurance plan at retirement, he receives additional protection equal to $\frac{3}{16}$ ths of final salary after retirement, continuing for life.

EARLY RETIREMENT - Insurance equal to $\frac{3}{16}$ ths of final year's salary beginning at age 60, under the non-contributory insurance plan. If contributory insurance was in force at retirement, the member qualifies for additional insurance coverage equal to $\frac{3}{16}$ ths of salary, effective at date of retirement and continuing for life.

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SERVICE AND DEFERRED RETIREMENT - Insurance equal to 3/16ths of last year's salary after age 60, under the non-contributory plan. If contributory insurance was in force at retirement, the member qualifies for additional insurance equal to 3/16ths of final salary after age 60, or a total of 3/8ths in all.

- 37.7 LIFE INSURANCE CONVERSION PRIVILEGE - A member of the Teachers' Pension and Annuity Fund may exercise a conversion privilege with respect to the difference between the full amount of insurance coverage he carried during active employment and that which is retained at retirement. This privilege is not available to retirants of the Public Employees' Retirement System.

This privilege permits a retiring member, within 31 days following the date he terminates employment, to convert all or part of his group life insurance to an individual policy, without medical examination. This may be accomplished by contacting an agent or any office of the Prudential Insurance Company, the carrier for both the non-contributory and the contributory group life insurance plans. The member may select any individual policy then being issued by the Prudential, except term insurance or a policy containing disability benefits.

- 37.8 HEALTH INSURANCE - Any member who has a hospitalization and/or medical-surgical insurance contract in force with the Hospital Service Plan (Blue Cross) and/or the Medical Surgical Plan (Blue Shield) of New Jersey at the time of retirement, may transfer his contract to the retirement group for the continuation of premiums by means of monthly pension payroll deductions on a group rate basis. This is also true of Green Cross members.

Any member insured at the time of retirement under the New Jersey Public and School Employees' Health Benefits Plan may also transfer his contract to the retired group for continuation of such coverage. This is the package plan which involves basic hospitalization and medical-surgical benefits, and major medical expense benefits. A member is eligible for this coverage if he is an employee of the State or of any county, municipality, school district or public agency which has authorized participation in the Plan by resolution of the governing body.

RETIREMENT AND PURCHASES
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RETIREMENT AND PURCHASES
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- 37.7 LIFE INSURANCE CONVERSION PRIVILEGE - A member of the Teachers' Pension and Annuity Fund may exercise a conversion privilege with respect to the difference between the full amount of insurance coverage he carried during active employment and that which is retained at retirement. This privilege is not available to retirants of the Public Employees' Retirement System.

This privilege permits a retiring member, within 31 days following the date he terminates employment, to convert all or part of his group life insurance to an individual policy, without medical examination. This may be accomplished by contacting an agent or any office of the Prudential Insurance Company, the carrier for both the non-contributory and the contributory group life insurance plans. The member may select any individual policy then being issued by the Prudential, except term insurance or a policy containing disability benefits.

- 37.8 HEALTH INSURANCE - Any member who has a hospitalization and/or medical-surgical insurance contract in force with the Hospital Service Plan (Blue Cross) and/or the Medical Surgical Plan (Blue Shield) of New Jersey at the time of retirement, may transfer his contract to the retirement group for the continuation of premiums by means of monthly pension payroll deductions on a group rate basis. This is also true of Green Cross members.

Any member insured at the time of retirement under the New Jersey Public and School Employees' Health Benefits Plan may also transfer his contract to the retired group for continuation of such coverage. This is the package plan which involves basic hospitalization and medical-surgical benefits, and major medical expense benefits. A member is eligible for this coverage if he is an employee of the State or of any county, municipality, school district or public agency which has authorized participation in the Plan by resolution of the governing body.

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After the retirement application has been completely processed, the appropriate forms to effect such transfer will be forwarded to the retiring member for completion and should be returned promptly to the Division. Under no circumstances should these forms be forwarded to the offices of the Blue Cross and/or Blue Shield plans or other health insurance carriers.

The Division will begin deducting health insurance premiums as soon as the retiring member has been established on the pension payroll. However, the Blue Cross and Blue Shield plans have advised that due to administrative delay in the transfer of a subscriber from one group to another, the member may receive an interim bill directly from the Blue plans. This bill should be paid immediately by the member to avoid cancellation of his health insurance contract. After the subscriber has received his new contract evidencing his transfer to the retirement group, he may apply directly to the Blue Plans for a refund of any overpayment he may have made during the transfer period. This advice should be followed by all those who are covered by the community rated Blue Cross and Blue Shield group. However, this is not the case of those who are covered by the New Jersey Public and School Employees Health Benefits Plan and members of this experience rated program will be properly advised as to the transfer of their coverage from active to retired status.

- 37.9 WITHDRAWAL WAIVER - The retirement circumstances of every member are different. For one reason or another, a member may wish to withdraw his contributions from the system in lieu of retirement in which event he will receive a return of his accumulated contributions. Such withdrawal will not affect his eligibility for Social Security benefits. In this event the member is required to execute a waiver of his rights to any retirement benefits and group life insurance coverage, which are available only to members who retire and receive a retirement allowance. In this waiver the specific amounts of the monthly retirement payments and the insurance benefits are indicated so that the member is fully acquainted with the benefits to which he would be eligible if he retired. The withdrawing member may also convert his group life insurance coverage as outlined in Section 37.7.

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- 38.1 EMPLOYMENT AFTER RETIREMENT - There are three problem areas which concern retired members who resume employment after their retirement from public service. The first is the pensioner who returns to public employment; the second involves limitations pertaining to disability retirants; the third pertains to all retirants:
- a. A retired member is required by law to report promptly to the Division the acceptance of a position in public employment in New Jersey. A retired member normally cannot accept both a public salary and a public pension so that he must arrange to waive receipt of the pension portion of his retirement allowance immediately upon the acceptance of a FULL-time public position. He will, however, continue to receive the annuity portion which is based on his accumulated contributions. If he accepts a PART-time public position, he must waive the receipt of the pension portion of his retirement allowance when his earnings from such a position exceed the limitation permitted by the statute, which currently is \$1,800 in a calendar year.

Public employment in New Jersey is defined as any type of employment rendered for the State, county, municipality, school district or public agency but does not apply to Federal, out-of-state or private employment or self-employment.
 - b. With respect to disability retirants, until they reach age 60, such retired members shall be requested to undergo annual medical examinations and disability allowances are subject to adjustment because of total earnings after retirement. The statute provides for a reduction in the pension to an amount which, when added to the amount then earned by the retirant, does not exceed the amount of the salary currently attributable to his former position.

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- c. A pensioner who accepts employment in a position which makes him eligible for membership in the retirement system will be required to re-enroll and again have pension deductions made from his salary. He will continue to receive the annuity portion of his retirement allowance during the period of such employment, but in the event of his death no optional benefits selected under his original retirement will become payable. He will be treated as an active member in respect to death benefits. Upon subsequent retirement, the original retirement allowance will be restored in full, together with any optional selection and, in addition, the member may receive a supplemental retirement allowance based on his service after return to regular employment.

- 38.2 INCOME TAXES - At retirement the Division provides a statement of account showing information needed for income tax purposes. A retired employee should take this statement to his local Internal Revenue office for help in setting up annual income tax returns. He should make clear, when he does so, that the Fund qualifies under Section 401(a) and 501(a) of the Internal Revenue Code. The Division annually issues a form 1099 (similar to W-2) which shows the total retirement allowance paid during the preceding calendar year.

Again, as income tax is a Federal matter, we can only recommend that information pertaining to the preparation of tax returns must be obtained from the local District Office of the Federal Internal Revenue Service.

- 38.3 ACCIDENTAL DEATH BENEFITS - If a member should die in active service as a result of an accident arising out of and in the course of his regular or assigned duties, and not as a result of his own willful negligence, an accidental death benefit will become payable, providing a report of the accident is filed in the office of the retirement system within 60 days following, and an application for benefits is filed within two years thereafter. The Board of Trustees may waive the time limits if, in the judgment of the Board, the circumstances warrant such action. Evidence must be submitted to the Board proving that the natural and proximate cause of the death was an accident which was incurred during the course of employment at some definite time and place.

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A specific application for accidental death benefits must be filed by the widow, or in behalf of any dependent children under age 18, if no widow survives. The employer of the deceased member must also certify to the circumstances of the accident which caused the death of the employee.

Accidental death benefits normally include:

- a. Return of the member's accumulated contributions.
- b. Payment of contributory insurance, if in effect.
- c. An allowance to the widow, payable until remarriage, or to children under age 18, amounting to one-half of the average annual salary received by the deceased member in the five years preceding the month in which death occurred.

If there is no widow, nor any children under age 18, then the non-contributory and contributory insurance benefits, if in effect, will be paid to the named beneficiaries.

The return of the member's contributions and the payment of any insurance death benefits would be performed by the Claims Section while the payment of a widow's, children's or dependent parents' pension is the responsibility of the Retirement Section.

- 38.4 ACCIDENTAL DEATH BENEFIT FORMS - When information comes to the attention of the retirement system that a member has died in active service as a result of an accident while performing his regular or assigned duties, the matter is referred to the Secretary of the respective board or commission who will direct correspondence to the employer asking for the employer's certification of the accidental death while on duty. The information requested will pertain to the accident, citing the time and place of such accident and a detailed description of the accident itself as well as the names and addresses of any witnesses. The employer will be asked to certify as to the information contained in his records, if the employee was performing his regular, assigned duties and if the accident was not the result of the employee's willful negligence. He will likewise be asked to certify as to the specific duties assigned to the employee at the time of the accident.

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38.4 Cont'd. In addition, the employer will be requested to furnish a certification of service and final salary which may be used in determining the benefits payable to an eligible survivor.

An eligible survivor, such as the widow or the guardian of the deceased member's children under age 18, will be requested to complete the application for the death benefits.

Upon receipt of the employer's certifications and the application from the survivor or guardian, the Retirement Section will forward the information to the secretary of the respective board for inclusion in the agenda at a subsequent meeting of the board or commission.

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39. HEARING OFFICER - Controversies may arise from decisions of any board or commission and when this happens, the member or his attorney may file a request with the system for an appeal. Normally, in questions related to disability benefits, the applicant has 45 days from the date of the written notice of the decision to file an appeal. Assuming that the request is timely, the board or commission may authorize the hearing. If so, the case is referred to the Hearing Officer of the Division of Pensions.

The Hearing Officer docket the appeal in a register and schedules a time and place for the hearing, notifying the petitioner or his attorney by means of a "Notice of Hearing." Copies of such notice are sent to the secretary of the board, the Deputy Attorney General representing the board and in matters pertaining to disability claims, to the Supervisor of the Disability Review Section. The notice is sent at least 20 days prior to the scheduled hearing date. The petitioner must make a request for adjournment at least 14 days prior to the scheduled date. A copy of the hearing rules governing the practice and procedure before the Hearing Officer is furnished with the Notice.

The Hearing Officer secures the services of a certified reporter to record and transcribe the proceedings and at the hearing the Hearing Officer performs the function of a judge. He conducts the hearing in such manner as to provide a fair and impartial opportunity to ascertain the facts. Although formal rules of evidence are not strictly applicable, the Hearing Officer clarifies the general rules of evidence which will be followed and rules on objections and motions by counsel.

Upon the completion of the hearing, the Hearing Officer arranges to have the transcript reproduced and prepares his written recommendations to the Board. A copy of his report and the transcript are sent to all interested parties and they have 7 days in which to file written notice of exceptions to the report. The entire record, including any exceptions received are then forwarded to the board and the board is then in a position to render its final decision on the matter and notify the petitioner thereof.

The petitioner still has the avenue of appeal to the Appellate Division of the Superior Court if no hearing was granted or if the hearing was against him.

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- 40.1 THE PURCHASE SECTION - The Purchase Section is responsible for processing requests to establish additional retirement credit received from members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. Another important function of the Section is to compute and certify retroactive cost for back service rendered by those members of both systems who are compulsorily enrolled on a date later than the date their regular employment began.
- 40.2 ELIGIBILITY - The privilege to purchase additional service credit is available only to those members who are in active employment status and who are contributing regularly to their respective retirement systems.
41. TYPES OF PURCHASE - The following types of service may be purchased at the option of a member of either system, at any time:
- 41.1 OUT-OF-STATE - Up to 10 years of out-of-state public employment, provided the member is not receiving or eligible to receive a retirement benefit from any public pension fund for such service, and if the service meets the following requirements:

Public Employees' Retirement System members are limited to public employment rendered for any State, County, Municipality, School District or Public Agency.

Teachers' Pension and Annuity Fund members can purchase only public school teaching service which meets the definition in New Jersey Statutes as service rendered in a public school administered under the order and superintendence, and wholly or partly at the expense of, a State Board of Education, Local or District Board of Education.

If the out-of-state service of the member was interrupted by a military leave of absence, the period of such leave may be included in the purchase, but no more than 10 years of service in the aggregate.

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- 41.2 **PREVIOUS MEMBERSHIP** - Service credited under a previous membership in either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund, which has been terminated after two continuous years of activity, in accord with statute, or by the withdrawal of the contributions made under such membership.
- 41.3 **TEMPORARY SERVICE** - Service rendered in a temporary position with the current employer, or substitute teaching employment, if such service was in New Jersey and was immediately followed by a permanent appointment with the State, a county, municipality or school district. In the case of substitute teaching service, such employment cannot be less than one full semester.
- 41.4 **NON-MEMBERSHIP SERVICE** - Any regular employment with the current employer or teaching employment in New Jersey for which the member does not now have retirement credit, and which can be considered creditable by the Division of Pensions.
- 41.5 **LEAVES OF ABSENCE** - Members may purchase retirement credit for official leaves of absence without pay, under the following provisions adopted by the respective Board of Trustees for each system:

PUBLIC EMPLOYEES' RETIREMENT SYSTEM - Any official leave, which is properly certified to the Division by the member's employer, may be purchased within one year following the member's return to regular employment.

TEACHERS' PENSION AND ANNUITY FUND - Only three types of leave may be purchased for retirement purposes, (1) Exchange Teaching, (2) Fulbright Scholarship, (3) a leave of less than 3 months. Request to purchase the first two types of leave must be made within one year after returning to regular employment.

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- 41.6 MILITARY SERVICE - Normally, when a member is granted a leave of absence to enter the military service, the employer is responsible for continuing pension contributions to his account. In this case, retirement credit continues during such leave, and no payment is required from the employee. However, the Attorney General has made one exception, and has ruled that employers are not liable for pension contributions when a leave is granted for an employee who enlists for "Active Duty for Training", covering a period of not less than 3 months nor more than 6 months. The employee is therefore eligible to purchase credit for this one type of military leave, following his return to regular employment.
- 41.7 SPECIFIC PURCHASE PRIVILEGES--PUBLIC EMPLOYEES' RETIREMENT SYSTEM - The following types of purchase are available only to members of the Public Employees' Retirement System:
- CHAPTER 280 CREDIT - Certain State employees who were barred from enrollment in the former State Employees' Retirement System because of being age 40 or older when beginning employment, and highway day laborers who were employed but did not enroll prior to January 1, 1942, later received pension credit (half-credit) for such employment. These employees have the privilege of paying into the system to establish full retirement credit for such service.
- 41.8 SPECIFIC PURCHASE PRIVILEGE--TEACHERS' PENSION AND ANNUITY FUND - The following type of purchase is available only to members of the Teachers' Pension and Annuity Fund:
- ACCREDITED EVENING HIGH SCHOOL - Accredited Evening High School teaching service in Jersey City which meets certain standards and requisites of the Board of Trustees.

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- 42.1 PROOF OF SERVICE - Each member desiring to obtain purchase terms for a period of uncredited service is required to obtain certification of such employment from his former employer, if such evidence is not on file with his records in the Division of Pensions. Specific certification forms for this purpose are provided by the Division to members of each system, separate forms being required for New Jersey service and for out-of-state employment. The member is responsible for obtaining and forwarding certification of previous employment to the Division. Purchase terms cannot be calculated and quoted until verification of the service claim has been received in this office.
- 42.2 OPTIONAL PURCHASE COST - The cost of purchasing additional service which is optional with the member is developed by multiplying the member's annual salary at the time of his request by a factor furnished by the actuary of the respective system which is applicable to the member's sex and nearest attained age. This actuarial factor reflects the actuary's assumption of life expectancy, future mean salary increments, and the rate of future interest earnings. The result of this calculation is the individual cost to purchase one year of service. The single year cost is then multiplied by the number of years and fractional years of service the member wishes to purchase to arrive at the total cost of the transaction.

The cost of a purchase will increase as the member advances in age, and/or when his salary increases.

- 42.3 COMPULSORY PURCHASE COST - A compulsory purchase is applicable when a member is enrolled later than the date his regular contributing membership in the system should have become effective, in accord with law. In this case, he is required to pay into his account the amount required to cover the pension deductions which would have been made from his salary if he had been properly enrolled.

In this situation, the member is assigned a rate of contribution applicable to his nearest attained age on the date he should have been enrolled in his respective system. The cost of back deductions due is computed by multiplying this rate against the actual monthly salaries he received during the compulsory enrollment period, and advancing each yearly total of deductions due with interest to the current date.

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- 42.4 METHODS OF PURCHASE - Additional service may be purchased by means of a single lump sum payment, or the cost may be financed by authorizing extra salary deductions of at least a minimum monthly or bi-weekly payment equated to one-half of a normal deduction at the full rate of contribution. These additional payroll deductions may be scheduled over a maximum period of 10 years, or until age 60, the service retirement age, whichever occurs sooner.

Installment purchase contracts must include interest charges on unpaid annual balances. The employee has the choice of combining a partial lump payment and scheduling lower additional payroll deductions for the balance of the cost. Regulations stipulate that a partial payment must be a minimum of \$100, or in multiples of \$100.

- 42.5 DISCOUNTING ARREARS - A member has the privilege of terminating a payroll deduction program by paying the lump sum amount due to liquidate the balance of his arrearage, thus saving future interest charges. The Division must be advised in advance, so that the correct discounted value of the individual outstanding arrearage can be computed. Payments for this purpose can be accepted from members in the month of June, at the end of a fiscal year.

- 42.6 CLASS B MEMBERSHIP PURCHASE - This type of purchase does not increase service credits, but involves a change of membership status so as to provide a larger benefit at eventual retirement. Membership in the retirement system is divided into two classes:

CLASS A MEMBERSHIP - Applicable to members enrolled in the Public Employees' Retirement System prior to July 1, 1953, and to members of the Teachers' Pension and Annuity Fund enrolled prior to January 1, 1956. Provides retirement benefits of 1/70 for each year of creditable service times final compensation.

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CLASS B MEMBERSHIP - Provides retirement benefits one-sixth ($1/6$) greater than Class A membership, and applies automatically to all veterans and members of the two systems enrolled after the dates indicated. Provides retirement benefits of $1/60$ for each year of creditable service times final compensation.

Any member who has Class A status for all or part of his current membership has the privilege of converting such membership to Class B, so as to augment his benefits at retirement. The cost of such conversion is an amount equal to one-sixth ($1/6$) of the current value of the Class A contributions in the employee's account.

- 42.7 **PROCEDURE FOR OBTAINING PURCHASE TERMS** - Any member of the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund may obtain purchase terms for additional service or for conversion to Class B by writing directly to the Division, addressing the inquiry to the attention of Supervisor of Purchases, Retirement Bureau, Division of Pensions, P.O. Box 2058, Trenton, New Jersey 08625.

43.1 OUT-OF-STATE SERVICE CERTIFICATION FORM,
TEACHERS' PENSION AND ANNUITY FUND (yellow colored)
CERTIFICATE OF OUT-OF-STATE SERVICE

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

137 EAST STATE STREET

TRENTON, NEW JERSEY 08625

To the Custodian of School Records

Board of Education of _____

The New Jersey Teachers' Pension & Annuity Fund permits its members to purchase pension credit for out-of-state public school teaching service. Public School service as defined in the New Jersey statutes applies only to teaching service rendered in a public school conducted under the order and superintendence, and wholly or partly at the expense of a State Board of Education, Local or District Board of Education.

I desire to establish with the Teachers' Pension and Annuity Fund of the State of New Jersey, proof of my service in the school district of _____, County of _____, State of _____, and hereby certify that I am not receiving, nor entitled to receive a retirement allowance from any public pension fund based upon the service listed below.

Please complete the following statement relative to my employment in your district and return it to me at the address indicated below.

Signature of Teacher _____

Date

Address _____

PUBLIC SCHOOL SERVICE STATEMENT

This certifies that _____ was continuously employed in the public school district of _____ County of _____ State of _____ as a full-time _____ in the day schools during each of the periods stated below:

That the said person was employed as a regular teacher, not as a substitute, except as stated below, and that during any period, or periods, when employment was in the capacity of a substitute teacher the service was continuous--not occasional and subject to call;

That the school, in which the said person was employed, (is, is not) classed as a public school within the New Jersey statutory definition given above;

That said person (was, was not) a member of the Public Pension Fund covering the employees of this school district namely; _____;

That during each of the stated periods of employment there are no absences without pay of more than one month's duration;

That the LENGTH OF SCHOOL YEAR stated below gives the number of months school was in session.

DUTIES (If Substitute so State)	DATE OF BEGINNING			DATE OF ENDING			Length of School Year in Months	If Substitute Serv- ice Actual No. of Days Employed
	Month	Day	Year	Month	Day	Year		

I hereby certify that the answers and information given above are based upon available school board records and that they are true and correct to the best of my knowledge and belief.

7-1-66, TL #20

Signature _____

Title _____

**CERTIFICATE OF OUT-OF-STATE SERVICE
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY.**

137 East State Street

P.O. Box 2058

Trenton, New Jersey 08625

PART I (To be completed by employee and forwarded to personnel officer of out-of-state public employer for completion of Part II)

TO: PERSONNEL OFFICER

Public Employer _____ County _____ State _____

The Public Employees' Retirement System of New Jersey permits its members to purchase credit for public employment in other states which was rendered prior to becoming a member of the Public Employees' Retirement System of New Jersey. Public employment is defined as employment with any state, county, municipality or school district but does not include employment with the Federal Government.

I desire to establish, with the Public Employees' Retirement System of New Jersey, proof of my public employment with _____, County of _____, State of _____, and hereby certify that I am not receiving, nor entitled to receive a retirement allowance from any public pension fund based upon the service listed below.

Please complete the following statement relative to my employment in your district and return it to me at the address indicated below.

Membership # _____ Name of employee _____ Print or Type _____
 Date _____ Signature of employee _____
 Address _____

PART II

PUBLIC EMPLOYMENT STATEMENT

(To be completed by employer)

This certifies that _____ was employed by _____
 County of _____ State of _____ as a full-time _____ Position _____
 during the periods listed below: *(Please indicate absences of one month or more)*

Employment Began			Employment Ended			Absences
Month	Day	Year	Month	Day	Year	

I hereby certify that:

1. The answers and information given above are based upon available public records and are true and correct to the best of my knowledge and belief.

2. Said person was, was not a member of the Public Pension Fund covering the employees of this public body, namely, _____.

Name _____ Print or Type _____

Signature _____

Title _____

43.3 IN-STATE SERVICE CERTIFICATION FORM,
TEACHERS' PENSION AND ANNUITY FORM
(green colored)

CERTIFICATION OF NEW JERSEY SERVICE
TEACHERS' PENSION AND ANNUITY FUND

137 East State Street

P.O. Box 2058

Trenton, New Jersey 08625

To the Custodian of School Records

Board of Education of _____

I desire to establish with the Teachers' Pension and Annuity Fund of the State of New Jersey, proof of my service in the school district of _____, County of _____, State of _____, and hereby certify that I am not receiving, nor entitled to receive a retirement allowance from any public pension fund based upon the service listed below.

Please complete the following statement relative to my employment in your district and return it to me at the address indicated below.

Membership # _____
Date _____
Name of employee _____
Print or Type
Signature of employee _____
Address _____

PUBLIC SCHOOL SERVICE STATEMENT

(Following information to be completed by the custodian of school records.)

This certifies that _____ was continuously employed in the public school district of _____ County of _____ State of _____ as a full-time _____ in the day schools during each of the periods stated below:

That the said person was employed as a regular employee, not as a substitute, except as stated below, and that during any period, or periods, when employment was in the capacity of a substitute employee the service was continuous-not occasional and subject to call;

That during each of such stated periods there were no absences without pay of more than one month's duration;

That the LENGTH OF SCHOOL YEAR stated below gives the number of months school was in session.

DUTIES (If Substitute so State)	DATE OF BEGINNING			DATE OF ENDING			Length of School Year in Months	If Substitute Service Actual No. of Days Employed
	Month	Day	Year	Month	Day	Year		

(If the above statements are based upon available school board records, the secretary or district clerk having the custody of the records should sign below.)

The above statements are based upon available school board records.

(Signature) _____

(Title) _____

Date _____

IMPRESS
Seal of Board of Education
Above This Line.

43.4 IN-STATE SERVICE CERTIFICATION FORM,
 P-10-54-265 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 (green colored) SUPPLEMENTAL STATEMENT OF SERVICE

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

137 East State Street

P.O. Box 2058

Trenton, New Jersey 08625

Name _____ Birth Date _____ Membership # _____

I, hereby certify that I am not receiving, nor entitled to receive a retirement allowance from any public pension fund based upon the service listed below.

Please complete the following statement relative to my employment in your district and return it to me at the address indicated below.

EMPLOYER	PAYROLL TITLE	LIST ALL SERVICE			LENGTH OF SERVICE		
		Dates of Service Month, Day, Year		Base Salary by Hour, Day, Week, Month	Yrs.	Mos.	Days
		From	To				

CERTIFICATION BY EMPLOYING DEPARTMENT
I certify that the statements of service shown above are in accordance with Departmental records.

 (Name of Employee) Print or Type

 (Signature of Certifying Agent or Department Head)

 (Signature of Employee)

 (Payroll Title)

 (Address)

Date _____

Date _____

ADJUSTMENTS

44. THE ADJUSTMENT SECTION - The Adjustment Section in the Office of the Chief Accountant authorizes revisions in the actuarial, financial, and other records of the various pension funds administered by the Division. These are usually caused by corrections and changes in basic data or conditions.
- 44.1 CONTRIBUTION RATE AND SALARY CHANGES - Usually require a recalculation of the member's account from its inception and result in additional charges or refunds and an adjustment of interest. Rate changes arise most frequently from:
- (a) Birth Date Changes - A review of dates of birth frequently result in a correction of the date originally indicated on the member's application.
 - (b) Enrollment Date Changes - These result from revisions in veteran status or upon member's request.
 - (c) Changes in Age - Revision of the original age established at enrollment upon submission of proofs.
 - (d) Rate Corrections - Adjustment of incorrect rate used at enrollment.
 - (e) Salary Changes - Incorrect reporting of salaries require calculations of amounts due to or from members. The proper salary is verified with the employer.
- 44.2 DUPLICATE AND MULTIPLE ENROLLMENTS--Duplicates - Failure at enrollment to indicate that the person is already a member results in changes of rates, transfers of accounts from the duplicate account to the original account, and the calculations of refunds due the members.
- Multiples - These are cases which arise from failure to state on the enrollment application that the individual is a member at another location or locations. It is necessary to combine all into a single account and make the necessary adjustments in rates and calculate refunds.

ADJUSTMENTS

- 44.3 CASH DISCOUNTS AND RECERTIFICATION OF ARREARS - Members having an obligation to the Funds payable in installments often request the right to prepay. In this event allowance is made for the interest on the unpaid balance and the net amount payable is determined.

Where a member has an existing installment obligation and incurs an additional obligation, the new and old schedules are combined. This requires the calculation of the discounted value of the old obligation, adding the new one to it, establishing a revised installment schedule and recertification to the employer.

- 44.4 DELAYED AND INTERFUND TRANSFERS - Adjustments arise as a result of transfers from local to State employment. An existing arrears schedule from the quarterly local location must be transferred to the bi-weekly State location and the proper amount of installment determined. These are often combined with current back deductions.

The transfer of membership from one of the pension funds to another requires the transfer of reserves from one system to the other. In these cases, it is necessary to write to the actuary to advise him of all the pertinent data. The actuarial and financial data pertaining to the transfer is also verified.

- 44.5 ARREARS INTEREST ADJUSTMENTS - Most arrearages in the Teachers' Pension and Annuity Fund for the cost of conversion from Class A to Class B status and for the purchase of prior service were scheduled on the basis of the payment of ten installments annually. Where payments were made on the basis of twelve payments annually, credits or refunds are due to the member.

- 44.6 MISCELLANEOUS ADJUSTMENTS - Adjustment of the following are effected by this section:

- a. Changes in member's status, such as veteran, law enforcement officer, etc., required by changes in law.
- b. Correction of bad balances.
- c. Correction of changes authorized by the Boards of Trustees.
- d. Changes in interest rate and correction of miscellaneous errors.
- e. Commutation of rates.

RECORDS

45.1 RECORDS SECTION - All of the membership records and files maintained by the Division of Pensions for the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, the Police and Firemen's Retirement System and the Supplemental Annuity Collective Trust are maintained by this section. The following sets forth in detail the types of records maintained and the work involved in connection with such files.

45.2 INDEX CARD FILE - These files are in constant use since this is the first record which must be examined in order to obtain a membership number, if unknown, in order to locate the member's folder.

The card files contain multi-colored cards for each active, inactive, retired, withdrawn and deceased member of the retirement systems. The white cards denoting active members are prepared by the Tabulating Section as a by-product of their preparation of the actuarial cards and the certification. The blue colored cards denoting retired members are prepared by the Retirement Bureau. The pink and buff colored cards denoting withdrawn and deceased members are prepared by the Claims Section of the Enrollment and Claims Bureau.

45.3 INDEX CARD FILE, DATA - The index cards contain the following information:

- a. Member's full name
- b. Membership number
- c. Date of birth
- d. Location or District
- e. Sex of member
- f. Enrollment date
- g. Separation numbers

RECORDS

- 45.4 MEMBERSHIP FILES - Separate files are maintained containing the individual membership folders of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, the Police and Firemen's Retirement System and the Supplemental Annuity Collective Trust.
- 45.5 MEMBERSHIP FILES, METHOD AND EQUIPMENT - The membership folders are filed on open shelf equipment employing the terminal digit filing system. These files include active and retired folders. Since there is a duplication of numbers in these categories, the retirement folders are coded.
- 45.6 MEMBERSHIP FILES, TERMINAL DIGIT FILING - The terminal digit filing system is merely reversed numerical filing in which groups of figures are read from right to left instead of from left to right. The method is neither difficult nor confusing. For example, in the conventional numerical filing system, number 130,443 would be filed between 130,442 and 130,444. Under the terminal digit filing, the number is categorized into three groups of digits. The final group is the first two digits, 13; the secondary is the next two digits, 04; the terminal or primary group is the last two digits, 43. As we are filing by the terminal or primary position, a folder numbered 130,443 would, therefore, be filed between numbers 120,443 and 140,443.

This filing system is employed because of its unique application to a file of considerable volume (300,000 folders) in a broken numerical sequence. In addition, there are other advantages. The data which is received for filing in membership folders and refile folders come to the Records Section in no particular numerical sequence. The pre-sort for terminal digit requires only that the material be grouped by the terminal or primary numbers. Any given amount of new material will affect each terminal equally and will be distributed through the entire file.

Misfiling is considerably reduced because fewer numbers have to be read to determine the exact location of the folder. The aid of prepared guides makes proper filing more likely. The unorthodox method of reading numbers in pairs from right to left requires more attention to the reading of such numbers. The equal distribution of material in each terminal also makes possible an even distribution of work among the employees of the Records Section.

RECORDS

45.7 MEMBERSHIP FILES, OPEN SHELF EQUIPMENT -

The voluminous and ever-growing files of the Pension Division require that attention be paid to the cost of adequate space for their storage. The need for expansion of such space prescribed that consideration go beyond closed filing cabinets. Open shelves require considerably less space than filing cabinets for the same amount of material. When such open shelves were purchased for the Division, enough equipment was obtained to provide for as much as 12 years of expansion based on a complete study of the projected needs of the Division. Additionally, open shelf filing reduces fatigue among employees since they are not required to open and close drawers and it improves housekeeping of records since shortcomings are immediately obvious.

45.8 MEMBERSHIP FILES, OUTSTANDING FOLDERS -

As is the case of most other central filing systems, the Records Section has the problem of prolonged retention of membership folders by the administrative bureaus. There is, therefore, a constant maintenance of the integrity of the file by Records Section personnel who review the folders that are outstanding to determine which have been out of file over two weeks. The numbers of these folders are then grouped by the name of the person to whom they have been charged. A memorandum is forwarded indicating the length of time that the folders have been out of file and requesting their return. The folder may be retained out of file for another two-week period as long as the purpose for its retention and exact length of time for it to be out of file is indicated by the person to whom it is charged. On occasion folders are retained for purposes of awaiting correspondence and in these situations, if another two-week period has elapsed, the folders must be returned to the Records Section. A signal is placed on any such folder indicating that before any action is taken by another administrative bureau, the person who has been originally charged with the folder should be notified.

RECORDS

- 45.9 MEMBERSHIP FILES, COMPOSITION - The composition of the membership folders of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, the Police and Firemen's Retirement System and the Supplemental Annuity Collective Trust has been formalized along parallel lines. On the left-hand side all correspondence in the form of letters are stapled in chronological order. On the right-hand side all forms, worksheets, certifications, reports, applications, etc., are stapled in a pre-arranged sequence and topped by a data sheet which relates the history of the member in capsule form as contained in the folder.

The accounting records maintained by the Tabulating Section of the Accounting Bureau in the form of ledger cards are also stapled to each folder.

- 46.1 LEDGER CARD FILES - At the end of an accounting period which requires the preparation of a new ledger card for every active member of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, and the Police and Firemen's Retirement System, the Tabulating Section of the Accounting Bureau will forward in terminal digit order all completed ledger cards to the Records Section for filing within each membership folder.
- 46.2 CONTRIBUTION REPORT FILE - These files are not maintained by the Records Section except after they have been microfilmed. All reports yet to be microfilmed are maintained in the Accounting Bureau.
- 46.3 TEACHERS' RETIREMENT FUND FILE - This file contains the only record of contributions made by members of the former Teachers' Retirement Fund.
- 46.4 MICROFILM FILES - The Records Section maintains microfilm files for the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System and the Police and Firemen's Retirement System. The records of these systems are placed on microfilm as quickly as the Division is permitted to do so by law.

RECORDS

On microfilm are maintained all of the registers of the systems such as the registers of active, retired and deceased members and withdrawal cases. Also on microfilm are ledger cards, contribution reports, the records of the former Teachers' Retirement Fund and of the former Board of Education Employees' Pension Fund of Hudson County.

- 46.5 RECORDS RETENTION SCHEDULES - As provided in the State Records Act, record retention schedules are promulgated by the State Records Supervisor as approved by the Records Committee for all of the retirement systems and agencies administered by the Pension Division. The disposition of any record must meet the requirements of the retention schedule and receive the approval of the State Records Supervisor.

For the most part those records with a permanent life represent the master set of actuarial records, annual reports, minutes, and accounting records of each retirement program. Other records have periods of retention which correspond to audits performed by the State Department of Banking and Insurance. As the volume of records to be maintained permanently has grown the Pension Division has accelerated its use of microfilm for storage purposes.

- 46.6 CHANGE OF NAMES AND ADDRESSES - The Records Section is responsible for changing all of the records for active and retired members of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System and the Police and Firemen's Retirement System in connection with name and address changes. Notification of such a change is received in the form of either a letter, affidavit or tabulating listing. It may be necessary to notify the Tabulating Section in order to correct quarterly wage reports.

RECORDS

- 47.1 WITHDRAWALS - The Records Section has the responsibility of maintaining the membership folder of a withdrawing member and marking the proper index card.
- 47.2 TRANSFERS - The Records Section must alter the employer given on the index card and file the transfer form in the membership folder.
- 47.3 GROUP INSURANCE, RIDERS - Under the group insurance programs the Records Section is responsible for the preparation of all riders to the original certificates. Unless a special endorsement is required, the rider is prepared by the Records Section. The rider contains the following information:
- a. Member's name
 - b. Membership number
 - c. Beneficiary's or Beneficiaries' name and relationship
 - d. Date

Such changes are normally prepared upon the receipt of a change of beneficiary form.

RECORDS

47.4 CERTIFICATE RIDER FORM (White colored)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
a mutual life insurance company

Group Policy No. G-14800, under which the Policyholder is The State Treasurer of New Jersey.

Group Policy No. GC-13900, under which the Policyholder is Board of Trustees of the Public Employees' Retirement System of New Jersey.

Group Policy No. GC-14300, under which the Policyholder is Board of Trustees, Teachers' Pension and Annuity Fund, State of New Jersey.

Group Policy No. G-15100, under which the Policyholder is Board of Trustees, Police and Firemen's Retirement System of New Jersey.

This Form should be securely attached to the Group Insurance Certificate referred to hereon.

Insured Individual	Membership Number
--------------------	----------------------

This is to Certify that the following changes have been recorded in connection with the Group Insurance Certificate previously issued to the Insured Individual to evidence his insurance under such of the above Group Policies as provide insurance on his life.

The NAME of the INSURED INDIVIDUAL has been changed to.....

The NAME of the BENEFICIARY has been changed to.....

The RELATIONSHIP OF BENEFICIARY has been changed to.....

.....of the Insured Individual.

THE BENEFICIARY has, subject to the provisions of the section "Beneficiary" of the Group Insurance Certificate, been changed to

Dated....., 19.....

Checked by

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

ORD 30621 ED 3-64

Printed in U.S.A.

RECORDS

47.5 GROUP INSURANCE, SPECIAL RIDERS - If the change of beneficiary forms require special wording in the completion of the rider, the Records Section will mail the request to the insurance carrier, together with a copy of the member's beneficiary change form.

47.6 LOST GROUP INSURANCE CERTIFICATE - A member may advise the Records Section that he has lost or does not possess an insurance certificate; a form of lost certificate statement is then mailed to the member for his completion and return to the Records Section. A new certificate will then be issued.

47.7 LOST GROUP INSURANCE CERTIFICATE FORM -

LOST CERTIFICATE STATEMENT

THE PRUDENTIAL
INSURANCE COMPANY OF AMERICA



Group Policy No(s).....

Certificate No(s).....

Change in Amount Rider(s) dated.....

I, the undersigned, hereby certify that each Certificate and (or) Change in Amount Rider specified above is not in my possession and is not transferred or in any way incumbered.

I agree and promise that I will immediately surrender to the Company any of said Certificates and (or) Change in Amount Riders that come into my possession at any future time.

Witness.....
Personal Signature of Insured.

Dated....., 19.....
Name of Concern Where Employed.

SIGNATURES TO BE IN INK

(Form for Claimant's Lost Certificate Statement on Reverse Side)

ORD 14019-ED 5-51

Printed in U. S. A. by Prudential Press

RECORDS

- 48.1 DESIGNATION OF BENEFICIARY - All beneficiary forms filed by active or retired members of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, the Police and Firemen's Retirement System and the Supplemental Annuity Collective Trust are processed by the Records Section.

Every form received is screened for validity and completeness. If not complete, or if the proper forms have not been submitted, a letter advising the member of the necessary requirements is sent.

When a member has filed the beneficiary form in duplicate, the second copy is returned to him stamped by the Records Section so that he is advised that the original has been received and filed.

When a notice of change of name is received, beneficiary forms are mailed to the member in the event that he may wish to make a change in his nomination.

There are actually two designation of beneficiary forms in use. The first is the more simplified version which calls for the designation of but one beneficiary either as primary or contingent for the receipt of all benefits, including group insurance as well as the return of the member's accumulated deductions. This particular beneficiary form provides that payment will be made in a lump sum. If more than one person is named as primary or contingent beneficiary, it is understood that the total benefit will be paid on a share and share alike, survivor or survivors basis.

However, if payment of the insurance benefits is to be made in other than lump sum and if there are different beneficiaries as well as different methods of payment, a more detailed version of the Designation of Beneficiary form is required. On this latter form specific primary and contingent beneficiaries can be denoted for both the insurance as well as the return of accumulated deductions. Moreover, benefits are payable as the member sees fit so that he has the selection of a lump sum, monthly life annuity or monthly annuity for a certain period of years. The member must understand that if he selects a

RECORDS

monthly life annuity, the payments will be based on the age of the beneficiary at the time of the member's death. On occasion a member selects a monthly life annuity to be payable to a beneficiary who is a minor at the time of the member's death. The result may be a very small monthly payment to be payable to the beneficiary for the rest of his life.

- 48.2 DESIGNATION OF BENEFICIARY FORM, COMPLETION -
The forms applicable to the respective systems described in subsequent sections are used for the purpose of nominating a beneficiary of benefits payable if death occurs prior to retirement and while the employee is still an active member of the retirement program. If these forms do not provide for the type of group insurance distribution that the member desires, he may state the desired arrangement in a letter for consideration by the Board of Trustees and the carrier. On the top of the form he will identify himself and his employer.

Part I pertains to the Group Life Insurance whereas Part II pertains to the Return of Accumulated Deductions. As there are generally two benefits in case of death before retirement, group insurance and the return of the member's contributions, the member may elect primary and contingent beneficiaries for each of the benefits that are payable. The form requires notarization and must be filed in duplicate. Naturally, each designation supersedes all prior designations of beneficiaries.

- 48.3 DESIGNATION OF BENEFICIARY FORM, BENEFICIARY -
A member may nominate any person, persons, institutions, trust, his estate, etc., as primary or contingent beneficiary. If multiple primary or contingent beneficiaries are named, the distribution will be on the basis of "share and share alike, survivor or survivors" unless expressed in percentages. Definite sums should not be indicated since the amount of insurance changes with every change in the member's salary.

RECORDS

- 48.4 DESIGNATION OF BENEFICIARY FORM, PAYMENT -
The death benefits may be paid in one lump sum, in monthly installments over a certain number of years or as an annuity payable for the life of the beneficiary. Information concerning other modes of settlement provided by the carrier can be obtained by request. In most instances it will be advisable for a member to indicate lump sum payment; this permits the beneficiary to elect the manner of payment to suit the needs of such beneficiary at the time of the member's death. If the member elects other than a lump sum payment, the benefit will be paid accordingly.

If the member fails to designate a method of payment, a lump sum payment will be made. If a member designates multiple benefits and does not designate the distribution to be made, payment will be made in equal shares. If no beneficiary designation is in effect at the time of the member's death, payment will be made to the member's estate.

48.5 DESIGNATION OF BENEFICIARY FORM, TEACHERS' PENSION
T-40-24-866 AND ANNUITY FUND (LONG FORM) - (Salmon Colored)

Box 2058
Trenton, N.J. 08625

Teachers' Pension and Annuity Fund
State of New Jersey

DESIGNATION OF BENEFICIARY

(See information printed on reverse side before completing this form)

THIS FORM SUPERSEDES ALL PRIOR DESIGNATIONS OF BENEFICIARIES

Beneficiaries must be shown for both group life insurance and the return of accumulated deductions. DO NOT LEAVE EITHER SECTION BLANK, AS THE ESTATE WILL BE PAID IF A BENEFICIARY IS NOT NAMED. If more than one person is named as primary or contingent beneficiary the following shall apply - SHARE & SHARE ALIKE, SURVIVOR OR SURVIVORS.

This form does not apply to the Supplemental Annuity Collective Trust of New Jersey. If you are a participant, a designation of beneficiary form for the Supplemental Annuity Collective Trust will be sent to you on request.

I, _____, _____, _____, _____
(PRINT FULL NAME) (MAIDEN SURNAME) (MEMBERSHIP NO.) (SOCIAL SECURITY NO.)

employed by _____ hereby nominate: - (Example: Mary A. Doe, not Mrs. John Doe)
(SCHOOL DISTRICT)

GROUP LIFE INSURANCE

PRIMARY BENEFICIARY

_____, _____, _____, _____
(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

Method of Payment: (Check one)

a. Lump Sum b. Monthly Life Annuity c. Monthly Annuity for _____ yrs.

CONTINGENT BENEFICIARY: If Primary Beneficiary is not living at my death, payment is to be made to:

_____, _____, _____, _____
(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

Method of Payment: (Check one)

a. Lump Sum b. Monthly Life Annuity c. Monthly Annuity for _____ yrs.

FOR THE RETURN OF ACCUMULATED DEDUCTIONS

PRIMARY BENEFICIARY

_____, _____, _____, _____
(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

CONTINGENT BENEFICIARY: If Primary Beneficiary is not living at my death, payment is to be made to:

_____, _____, _____, _____
(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

THIS FORM MUST BE NOTARIZED

(SIGNATURE OF MEMBER)

SWORN AND SUBSCRIBED BEFORE ME THIS

(MAILING ADDRESS)

_____ DAY OF _____ 19____

(NOTARY PUBLIC)

) If you have an
) official seal,
) Affix it.

48.6 DESIGNATION OF BENEFICIARY FORM, PUBLIC EMPLOYEES' RETIREMENT SYSTEM (LONG FORM) - (Goldenrod colored)

P 40-10-866

Public Employees' Retirement System
State of New Jersey

Box 2058
Trenton, N.J. 08625

DESIGNATION OF BENEFICIARY

(See information printed on reverse side before completing this form)

THIS FORM SUPERSEDES ALL PRIOR DESIGNATIONS OF BENEFICIARIES

Beneficiaries must be shown for both group life insurance and the return of accumulated deductions. DO NOT LEAVE EITHER SECTION BLANK, AS THE ESTATE WILL BE PAID IF A BENEFICIARY IS NOT NAMED. If more than one person is named as primary or contingent beneficiary the following shall apply - SHARE & SHARE ALIKE, SURVIVOR OR SURVIVORS*

This form does not apply to the Supplemental Annuity Collective Trust of New Jersey. If you are a participant, a designation of beneficiary form for the Supplemental Annuity Collective Trust will be sent to you on request.

I, _____ (PRINT FULL NAME) _____ (MAIDEN SURNAME) _____ (MEMBERSHIP NO.) _____ (SOCIAL SECURITY NO.)

employed by _____ (LOCATION) hereby nominate: (Example: Mary A. Doe, not Mrs. John Doe)

GROUP LIFE INSURANCE

PRIMARY BENEFICIARY

(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

Method of Payment: (Check one)

a. Lump Sum b. Monthly Life Annuity c. Monthly Annuity for _____ yrs.

CONTINGENT BENEFICIARY: If Primary Beneficiary is not living at my death, payment is to be made to:

(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

Method of Payment: (Check one)

a. Lump Sum b. Monthly Life Annuity c. Monthly Annuity for _____ yrs.

FOR THE RETURN OF ACCUMULATED DEDUCTIONS

PRIMARY BENEFICIARY

(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

CONTINGENT BENEFICIARY: If Primary Beneficiary is not living at my death, payment is to be made to:

(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

THIS FORM MUST BE NOTARIZED

(SIGNATURE OF MEMBER)

SWORN AND SUBSCRIBED BEFORE ME THIS

(MAILING ADDRESS)

_____ DAY OF _____ 19 _____

(NOTARY PUBLIC)

) If you have an
) official seal,
) Affix it.

1/1/67, TL #24

FILE FORM IN DUPLICATE

Teachers' Pension and Annuity Fund
State of New Jersey

DESIGNATION OF BENEFICIARY

(See information printed on reverse side before completing this form)

THIS FORM SUPERSEDES ALL PRIOR DESIGNATIONS OF BENEFICIARIES

If more than one person is named as primary or contingent beneficiary the following shall apply- "SHARE & SHARE ALIKE, SURVIVOR OR SURVIVORS".

This form does not apply to the Supplemental Annuity Collective Trust of New Jersey. If you are a participant, a designation of beneficiary form for the Supplemental Annuity Collective Trust will be sent to you on request.

I, _____, _____, _____, _____
(PRINT FULL NAME) (MAIDEN SURNAME) (MEMBERSHIP NO.) (SOCIAL SECURITY NO.)

employed by _____ hereby nominate:- (Example: Mary A. Doe, not Mrs. John Doe)
(SCHOOL DISTRICT)

GROUP LIFE INSURANCE AND RETURN OF ACCUMULATED DEDUCTIONS

PRIMARY BENEFICIARY

_____, _____, _____, _____
(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

CONTINGENT BENEFICIARY

_____, _____, _____, _____
(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

In the absence of a specific request, if multiple beneficiaries are named the following shall apply; "Share & share alike, survivor or survivors". Payment will be made on a lump sum basis. If other than lump sum is desired for the group life insurance, or a division of the benefits is desired, an appropriate form will be provided upon request. The return of accumulated deductions must be made to a beneficiary on a lump sum basis.

THIS FORM MUST BE NOTARIZED

SWORN AND SUBSCRIBED BEFORE ME THIS

_____ DAY OF _____ 19 _____

(NOTARY PUBLIC)

) If you have an
) official seal,
) Affix it.

(DATE)

(SIGNATURE OF MEMBER)

(MAILING ADDRESS)

48.8 DESIGNATION OF BENEFICIARY FORM, PUBLIC EMPLOYEES' RETIREMENT SYSTEM (SHORT FORM) - (Canary Colored)

P-40-11-866

Box 2058
Trenton, N.J. 08625

Public Employees' Retirement System
State of New Jersey

DESIGNATION OF BENEFICIARY

(See information printed on reverse side before completing this form)

THIS FORM SUPERSEDES ALL PRIOR DESIGNATIONS OF BENEFICIARIES

If more than one person is named as primary or contingent beneficiary the following shall apply - "SHARE & SHARE ALIKE, SURVIVOR OR SURVIVORS".

This form does not apply to the Supplemental Annuity Collective Trust of New Jersey. If you are a participant, a designation of beneficiary form for the Supplemental Annuity Collective Trust will be sent to you on request.

I, _____, _____, _____, _____,
(PRINT FULL NAME) (MAIDEN SURNAME) (MEMBERSHIP NO.) (SOCIAL SECURITY NO.)
employed by _____ hereby nominate: - (Example: Mary A. Doe, not Mrs. John Doe)
(LOCATION)

GROUP LIFE INSURANCE AND RETURN OF ACCUMULATED DEDUCTIONS

PRIMARY BENEFICIARY

_____, _____, _____, _____,
(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

CONTINGENT BENEFICIARY

_____, _____, _____, _____,
(BENEFICIARY) (RELATIONSHIP) (ADDRESS) (BIRTH DATE)

In the absence of a specific request, if multiple beneficiaries are named the following shall apply; "Share & share alike, survivor or survivors". Payment will be made on a lump sum basis. If other than lump sum is desired for the group life insurance, or a division of the benefits is desired, an appropriate form will be provided upon request. The return of accumulated deductions must be made to a beneficiary on a lump sum basis.

THIS FORM MUST BE NOTARIZED

SWORN AND SUBSCRIBED BEFORE ME THIS

_____ DAY OF _____ 19 _____.

(NOTARY PUBLIC)

) If you have an
) official seal,
) Affix it.

(DATE)

(SIGNATURE OF MEMBER)

(MAILING ADDRESS)

RECORDS

- 49.1 RETIRANT'S DESIGNATION OF BENEFICIARY - Once an individual has retired he may change the designation of his beneficiary for the payment of the balance of his pension reserve if he had elected Option 1, or the beneficiary he originally elected to receive the insurance death benefit payable in case of death after retirement.

After the effective retirement date, the beneficiary named under Options 2, 3 and 4, cannot be changed as far as the survivorship allowance is concerned. However, if the named beneficiary under these options predeceases the retirant, a new beneficiary should be named for all other amounts due or to become due upon death. If the change involves the insurance death benefit, a rider to this effect will be forwarded to the retirant.

- 49.2 RETIRANT'S DESIGNATION OF BENEFICIARY FORM, COMPLETION - The top portion identifies the retirant who in part I will designate the beneficiary to receive all benefits payable upon his death. Part II may be used where group insurance benefits are payable. It is to be understood that Part II is to be used only if another beneficiary is to be designated to receive the insurance benefits as distinguished from the beneficiary who is to receive all other monies. If acknowledgement of the change in the beneficiary is desired, the form must be filed in duplicate. The form requires notarization.

49.3 RETIRANT'S DESIGNATION OF BENEFICIARY FORM, TEACHERS' PENSION AND ANNUITY FUND - (Green Colored)

T-30-86-866
CHAP. 84, PL 1954

BOX #2058
TRENTON, N.J. 08625

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY
RETIRANT'S DESIGNATION OF BENEFICIARY

(SEE INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING THIS FORM)

Section I

I, _____ PLEASE PRINT OR TYPE _____ retireant # _____
hereby nominate _____ relationship _____
address _____

as the beneficiary who shall receive payment of any and all amounts due or to become due upon my death.

IF LIVING: OTHERWISE TO

_____ relationship _____
address _____

Section II

(APPLICABLE ONLY TO THOSE RETIRING AFTER 1/1/56)

If a different beneficiary than the above is to receive payment of the life insurance benefit based on salary paid during the last year of creditable service, insert

name _____ PLEASE PRINT OR TYPE _____ relationship _____
address _____

THE ABOVE "DESIGNATION OF BENEFICIARY" SUPERCEDES THE DESIGNATION OF BENEFICIARY SHOWN ON APPLICATION FOR RETIREMENT OR ANY PREVIOUSLY FILED DESIGNATION OF BENEFICIARY.

Signature of retireant: _____ Date _____

Mailing address _____

State of _____)

County of _____) ss

Sworn and subscribed before me this _____ day of _____, 19 _____.

Signature of Notary or

Commissioner of Deeds _____) If you have an

Official Title _____) Official Seal,

_____) Affix it.

49.4 RETIRANT'S DESIGNATION OF BENEFICIARY FORM, PUBLIC EMPLOYEES' RETIREMENT SYSTEM - (Buff Colored)

P-30-91-866
CHAP. 84, PL 1954

BOX #2058
TRENTON, N.J. 08625

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATE OF NEW JERSEY
RETIRANT'S DESIGNATION OF BENEFICIARY

(SEE INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING THIS FORM)

Section I

I, _____ retiran# _____
PLEASE PRINT OR TYPE

hereby nominate _____ relationship _____

address _____

as the beneficiary who shall receive payment of any and all amounts due or to become due upon my death.

IF LIVING: OTHERWISE TO

_____ relationship _____

address _____

Section II

(APPLICABLE ONLY TO THOSE RETIRING AFTER 1/1/55)

If a different beneficiary than the above is to receive payment of the life insurance benefit of 3/16th of salary paid during the last year of creditable service, insert

name _____ relationship _____
PLEASE PRINT OR TYPE

address _____

THE ABOVE "DESIGNATION OF BENEFICIARY" SUPERCEDES THE DESIGNATION OF BENEFICIARY SHOWN ON APPLICATION FOR RETIREMENT OR ANY PREVIOUSLY FILED DESIGNATION OF BENEFICIARY.

Signature of retirant: _____ Date _____

Mailing address _____

State of _____)

County of _____) ss

Sworn and subscribed before me this _____ day of _____, 19 _____

Signature of Notary or
Commissioner of Deeds _____) If you have an
Official Seal,

Official Title _____) affix it.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

50. REPORTING PROCEDURE - Given below is the procedure for the reporting and remittance of deductions for members of the Teachers' Pension and Annuity Fund, Public Employees' Retirement System and the Police and Firemen's Retirement System.

The reporting procedure is particularized for these major systems. However, with respect to other programs, please see section 139 for the Consolidated Police and Firemen's Pension Fund, section 133 for the State Police Retirement System, section 136.21 for the Prison Officers' Pension Fund, sections 63 - 64 for Social Security, sections 102.2 and 107.5 for the Supplemental Variable Annuity program and section 116 for the Public and School Employees Health Benefits plan.

- 50.1 REMITTANCES - Pension, contributory insurance, supplemental annuity and tax sheltered annuity payroll deductions are remitted monthly with the monthly and quarterly transmittal forms and are reported quarterly with the Quarterly Report of Contributions. In the Teachers' Pension and Annuity Fund, the statute provides that an interest charge of 6% per annum must be levied against any employer who does not promptly remit employee pension contributions by the due date, the appropriate 15th of the month, or within 30 days thereafter.

If a member covered under the Contributory Insurance program continues to be employed after reaching 70, the employer is required to pay the premium. Please see section 55.2 pertaining to the annual billings of these charges.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

50.2 MONTHLY REMITTANCES AND COMPLETION OF THE MONTHLY TRANSMITTAL OF CONTRIBUTIONS - Pension deductions are remitted in one check covering all payroll deductions for the preceding month for pension contributions, back deductions, loan repayments and arrears and/or purchases for all certified members of the system. The check is made payable to the proper System or Fund--"Teachers' Pension and Annuity Fund" - "Public Employees' Retirement System" - "Police and Firemen's Retirement System." Social Security tax deductions, contributory insurance deductions, supplemental annuity deductions or tax sheltered annuity reductions are not to be included in this check.

The due date for the receipt of pension deductions is the 15th of the month for Teachers' Pension and Annuity Fund and Public Employees' Retirement System and the 10th of the month for Police and Firemen's Retirement System covering payroll deductions for the preceding month. The check is to be accompanied by the Monthly Transmittal of Contributions form addressed to the Division of Pensions, P.O. Box 2058, Trenton, New Jersey 08625.

Contributory life insurance deductions are remitted by a separate check amounting to a percentage of the total base salaries for the preceding month for all members of the Public Employees' Retirement System or Police and Firemen's Retirement System or the Teachers' Pension and Annuity Fund who are enrolled in the contributory life insurance programs. The check is made payable to the appropriate one of the following: "Public Employees' Retirement System, Contributory Group Insurance Premium Fund" or "Police and Firemen's Retirement System, Contributory Group Insurance Premium Fund" or "Teachers' Pension and Annuity Fund, Contributory Group Insurance Premium Fund." Please see section 52.37 for the appropriate rates and a detailed discussion of the reporting procedure.

The due date for the receipt of contributory life insurance deductions is the 15th (10th for Police and Firemen's Retirement System) of the month covering payroll deductions for contributory insurance for the preceding month. The check is to be mailed with the check for the pension deductions accompanied by the Monthly Transmittal of Contributions form.

CONTRIBUTIONS ACCOUNTING REPORTING PROCEDURE

50.2 Cont'd. Supplemental Annuity deductions are remitted in a separate check and they represent deductions taken the preceding month from all members who are enrolled in the Supplemental Annuity program. Checks should be in full dollar amounts (no cents) and they should be made payable to the appropriate one of the following: "Public Employees' Retirement System, Supplemental Annuity" or "Teachers' Pension and Annuity Fund, Supplemental Annuity" or "Police and Firemen's Retirement System, Supplemental Annuity."

The due date for the receipt of Supplemental Annuity deductions is the 15th (10th for Police and Firemen's Retirement System) of the month covering payroll deductions for Supplemental Annuity for the preceding month. The check is to be mailed with the checks for pension and insurance deductions accompanied by the Monthly Transmittal of Contributions form.

The Tax Sheltered Supplemental Annuity program is open to eligible members of the Teachers' Pension and Annuity Fund and members of the Public Employees' Retirement System who are employed by boards of education. A salary reduction agreement must be in effect and contributions certified before contributions are to be made.

The contributions are remitted in a separate check and they represent salary reductions of the preceding month for all members who are enrolled in the Tax Sheltered Supplemental Annuity program. Checks should be in full dollar amounts (no cents) and they should be made payable to "Supplemental Annuity Collective Trust - Tax Sheltered."

The due date for the receipt of such Supplemental Annuity contributions is the 15th of the month covering payroll reductions for Tax Sheltered Supplemental Annuity for the preceding month. The check is to be mailed with the checks for pension and insurance deductions accompanied by the Monthly Transmittal of Contributions form.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

50.21 MONTHLY TRANSMITTAL OF CONTRIBUTIONS
SAMPLE FORM

T-50-54-1166

P-50-55-1166
PF-50-37-566

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY

Box 2058
Trenton, N.J. 08625

MONTHLY TRANSMITTAL OF CONTRIBUTIONS

(INCLUDING CONTRIBUTORY LIFE INSURANCE, SUPPLEMENTAL ANNUITY & TAX SHELTERED ANNUITY)

For the month of July, 19 67, District Code 20033

School District Winterville, County of Mercer

(1) Contribution for all PENSION DEDUCTIONS (Including Loan, Arrears & Back Deduction Payments):

Check Number 324 Date of Check August 10, 1967 Amount \$ 263.55

(2) Contribution for CONTRIBUTORY LIFE INSURANCE only:

Check Number 325 Date of Check August 10, 1967 Amount \$ 37.61

(3) Contribution for SUPPLEMENTAL ANNUITY PROGRAM only:

Check Number 326 Date of Check August 10, 1967 Amount \$ 20.00

(4) Contribution for TAX SHELTERED SUPPLEMENTAL ANNUITY PROGRAM only:

Check Number 327 Date of Check August 10, 1967 Amount \$ 32.00

August 11, 1967

DATE

John Smith

SIGNATURE OF CHIEF FISCAL OFFICER

READ INSTRUCTIONS ON BACK BEFORE COMPLETING FORM

Teachers' Pension and Annuity Fund (Green colored)
Public Employees' Retirement System (Yellow colored)
Police and Firemen's Retirement System (Pink colored)

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

50.22 DUE DATES FOR MONTHLY REMITTANCES AND TRANSMITTAL FORMS - The due dates for the receipt of monthly remittances and transmittal forms are as follows:

	TPAF & <u>PERS</u>	<u>PFRS</u>			
February	15th	10th	covering payroll deductions for	January	
March	15th	10th	"	" February
May	15th	10th	"	" April
June	15th	10th	"	" May
August	15th	10th	"	" July
September	15th	10th	"	" August
November	15th	10th	"	" October
December	15th	10th	"	" November

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

51. QUARTERLY TRANSMITTAL OF CONTRIBUTIONS - Payroll deductions for pension, contributory insurance, Supplemental Annuity and Tax Sheltered Supplemental Annuity for the third month of each calendar quarter are to be remitted by the 15th of the month following the close of the calendar quarter for Teachers' Pension and Annuity Fund, Public Employees' Retirement System and by the 10th of the month following the close of the calendar quarter for Police and Firemen's Retirement System accompanied by (a) the Quarterly Transmittal of Contributions form and (b) the Quarterly Report of Contributions.
- 51.1 COMPLETION OF THE QUARTERLY TRANSMITTAL OF CONTRIBUTIONS - Please complete the phrase "for the quarter ending, " showing the appropriate calendar quarter that this transmittal covers (March 31, June 30, September 30 or December 31).

The legal name of the reporting district and the county in which it is located should also be indicated.

The first portion of the transmittal form constitutes the report of all pension deductions, including all pension contributions, back deductions, loan repayments and arrears and/or purchases. It does not include Social Security tax deductions, contributory insurance, Supplemental Annuity deductions or Tax Sheltered Supplemental Annuity reductions.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

51.1 (a) Instructions for completing the items on the Quarterly Transmittal of Contributions:

Line 1, Total Deductions (Total of Column 16 on Quarterly Report of Contributions) - The total payroll deductions from certified members of the system for all pension items for the entire calendar quarter. This item must be the same as the corrected total of Column 16 on the Quarterly Report of Contributions.

Line 2, First Month of Quarter - The exact amount of the pension deductions remitted to the Division for the first month of the calendar quarter.

Line 3, Second Month of Quarter - The exact amount of the pension deductions remitted to the Division for the second month of the calendar quarter.

Line 4, Total--Sum of lines 2 and 3 - Remittances for the first two months of the calendar quarter.

Line 5, Balance Payable to System - The difference between line 1 and line 4; the total pension deductions for the calendar quarter less the amounts remitted for the first two months of the quarter.

Line 6, The Check Number and Date of the Check - Payable to the appropriate system - "Teachers' Pension and Annuity Fund" or "Public Employees' Retirement System" or "Police and Firemen's Retirement System" in the amount shown in line 5 of the transmittal.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- 51.1 (b) The second portion of the Quarterly Transmittal of Contributions form constitutes the contributions for contributory insurance only, covering all payroll deductions for contributory life insurance. The items are as follows:

Line 7, Total Contributions for the Quarter - The total premiums deducted as a specific percentage of base salary from members enrolled in the contributory insurance program for the quarter. (This item must be the same as the corrected total of Column 17 on the Quarterly Report of Contributions.)

Line 8, Total premium for contributory insurance which was remitted for the first month of the calendar quarter.

Line 9, Total premium for contributory insurance which was remitted for the second month of the calendar quarter.

Line 10, Sum of lines 8 and 9.

Line 11, Balance Payable to System - The difference between line 7, total contributory life insurance premiums due for the calendar quarter, less the total of such remittances for the first two months of the calendar quarter.

Line 12, Check Number and Date of Check - Check payable to appropriate system ("Teachers' Pension and Annuity Fund, Contributory Group Insurance Premium Fund" or "Public Employees' Retirement System, Contributory Group Insurance Premium Fund" or "Police and Firemen's Retirement System, Contributory Group Insurance Premium Fund") must accompany the Quarterly Transmittal of Contributions. (Must agree with the amount shown on line 11 of the Quarterly Transmittal.)

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

51.1 (c)

The third portion of the Quarterly Transmittal of Contributions form constitutes the deduction for Supplemental Annuity only. The items are as follows:

Line 13, Total Contributions for the Quarter - The total Supplemental Annuity deductions made from members of the Supplemental Annuity program for the entire quarter at the individual certified rates. Must be in full dollar amounts (no cents) and the same as the corrected total of Column 18, Block I, of the Quarterly Report of Contributions.

Line 14, Total deductions for Supplemental Annuity which were remitted for the first month of the calendar quarter.

Line 15, Total deductions for Supplemental Annuity which were remitted for the second month of the calendar quarter.

Line 16, Sum of lines 14 and 15.

Line 17, Balance Payable to Appropriate System - The difference between line 13, total Supplemental Annuity contributions due for the calendar quarter, less the total of such remittances for the first two months of the calendar quarter.

Line 18, Check Number and Date of Check - Check payable to the appropriate system ("Public Employees' Retirement System, Supplemental Annuity" or "Teachers' Pension and Annuity Fund, Supplemental Annuity" or "Police and Firemen's Retirement System, Supplemental Annuity") must accompany the Quarterly Transmittal of Contributions. (Must agree with the amount shown on line 17 of the Quarterly Transmittal.)

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

51.1 (d) The fourth portion of the Quarterly Transmittal of Contributions form constitutes the salary reduction for Tax Sheltered Supplemental Annuity only. The Tax Sheltered Supplemental Annuity program is only available to members of the Teachers' Pension and Annuity Fund and members of the Public Employees' Retirement System who are employed by boards of education. The items are as follows:

Line 19, Total Contributions for the Quarter (Total of Column 18, Block J) - The total Tax Sheltered Supplemental Annuity contributions for members of the Tax Sheltered Supplemental Annuity program for the entire quarter at the individual certified rates. Must be in full dollar amounts (no cents) and the same as the corrected total of Column 18, Block J. of the Quarterly Report of Contributions.

Line 20, Total Contributions for Tax Sheltered Supplemental Annuity which were remitted for the first month of the calendar quarter.

Line 21, Total Contributions for Tax Sheltered Supplemental Annuity which were remitted for the second month of the calendar quarter.

Line 22, Sum of lines 20 and 21.

Line 23, Balance Payable to Appropriate System - The difference between line 19, total Tax Sheltered Supplemental Annuity contributions due for the calendar quarter, less total of such remittances for the first two months of the calendar quarter.

Line 24, Check Number and Date of Check - Check payable to "Supplemental Annuity Collective Trust - Tax Sheltered" must accompany the Quarterly Transmittal of Contributions and must agree with the amount shown on line 23 of the Quarterly Transmittal.

51.2

QUARTERLY TRANSMITTAL OF CONTRIBUTIONS
SAMPLE FORM

T-50-54-1166

P-50-57-1166

PF-50-39-566

TEACHERS' PENSION AND ANNUITY FUND

STATE OF NEW JERSEY

Box 2058
Trenton, N.J. 08625

QUARTERLY TRANSMITTAL OF CONTRIBUTIONS

(INCLUDING CONTRIBUTORY LIFE INSURANCE, SUPPLEMENTAL ANNUITY & TAX SHELTERED ANNUITY)

For the quarter ending September 30, 196 7, District Code 20033

School District Winterville, County of Mercer

Contributions for all PENSION DEDUCTIONS (Including Loan, Arrears & Back Deduction Payments):

1. Total Deductions (Total of Column 16 on Quarterly Report of Contributions) \$ 790.70
Less payments remitted with Forms T-50-54-1166:
2. First month of quarter \$ 263.55
3. Second month of quarter 263.55
4. Total (Line 2 plus Line 3) 527.10
5. Balance payable to Fund-check enclosed (Line 1 minus Line 4) \$ 263.60
6. Check Number 410 Date of Check October 10, 1967

Contributions for CONTRIBUTORY LIFE INSURANCE only:

7. Total contributions for the quarter (Total of Column 17 Block H) \$ 112.82
Less payments remitted with Forms T-50-54-1166:
8. First month of quarter \$ 37.61
9. Second month of quarter 37.61
10. Total (Line 8 plus Line 9) 75.22
11. Balance payable to Fund-check enclosed (Line 7 minus Line 10) \$ 37.60
12. Check Number 411 Date of Check October 10, 1967

Contributions for SUPPLEMENTAL ANNUITY PROGRAM only:

13. Total contributions for the quarter (Total of Column 18 Block I) \$ 56.00
Less payments remitted with Forms T-50-54-1166:
14. First month of quarter \$ 20.00
15. Second month of quarter 20.00
16. Total (Line 14 plus Line 15) 40.00
17. Balance payable to Fund-check enclosed (Line 13 minus Line 16) \$ 16.00
18. Check Number 412 Date of Check October 10, 1967

Contributions for TAX SHELTERED SUPPLEMENTAL ANNUITY PROGRAM only:

19. Total contributions for the quarter (Total of Column 18 Block J) \$ 96.00
Less payments remitted with Forms T-50-54-1166:
20. First month of quarter \$ 32.00
21. Second month of quarter 32.00
22. Total (Line 20 plus Line 21) 64.00
23. Balance payable to Fund-check enclosed (Line 19 minus Line 22) \$ 32.00
24. Check Number 413 Date of Check October 10, 1967

October 10, 1967

DATE

John Smith

SIGNATURE OF CHIEF FISCAL OFFICER

READ INSTRUCTIONS ON BACK BEFORE COMPLETING FORM

TL #28, 12/31/67

Teachers' Pension and Annuity Fund (Green colored)
Public Employees' Retirement System (Yellow colored)
Police and Firemen's Retirement System (Pink colored)

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

51.3 DUE DATES FOR QUARTERLY TRANSMITTALS - The due dates for the receipt of the quarterly transmittals accompanied by checks for pension, contributory insurance, Supplemental Annuity deductions and Tax Sheltered Supplemental Annuity reductions for the third month of the calendar quarter as well as the Quarterly Report of Contributions are as follows:

<u>Calendar Quarter Covering</u>	<u>Due Date TPAF & PERS</u>	<u>Due Date PFRS</u>
January, February and March	April 15th	April 10th
April, May and June	July 15th	July 10th
July, August and September	October 15th	October 10th
October, November and December	January 15th	January 10th

51.4 SIGNATURES - The Monthly and Quarterly Transmittal of Contributions as well as the Quarterly Report of Contributions require the signature of the certifying authority of the group. Moreover, please ascertain before mailing that the checks covering such remittances contain all of the required signatures.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- 51.5 SCHEDULE OF REPORTS AND REMITTANCES - The following denotes the schedule of reports and remittances for pension, insurance, Supplemental Annuity, Tax Sheltered Supplemental Annuity and Social Security as employed by the several systems. The schedule denotes the particular contribution, the transmittal forms, the due dates, the amounts payable, the proper name as it should appear on the face of the check and the address to which such forms and remittances should be properly directed.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

51.5 (a) SCHEDULE OF REPORTS AND REMITTANCES - PENSION,
INSURANCE, SUPPLEMENTAL ANNUITY, TAX SHELTERED
SUPPLEMENTAL ANNUITY AND SOCIAL SECURITY

PENSION CONTRIBUTIONS	FORM NO.	DUE DATE
Monthly Transmittal (Pension)	(T50-54-1166 (P50-55-1166)	Teachers' Fund Public Employees' R.S. 15th of following month for each of the first two months of the quarter.
	(PF50-37-566)	Police & Firemen's R.S. 10th of following month for each of the first two months of the quarter.
Quarterly Transmittal (Pension)	(T50-56-1166 (P50-57-1166)	Teachers' Fund Public Employees' R.S. 15th of month following close of calendar quarter. April 15, July 15, October 15, January 15
	(PF50-39-566)	Police & Firemen's R.S. 10th of month following close of calendar quarter; April 10, July 10, October 10, January 10
Quarterly Report of Contributions (Pension)	TPP-50-28-66	Same dates as quarterly transmittal

CONTRIBUTORY LIFE INSURANCE

Monthly Transmittal (Insurance)	Combined	Same as above
Quarterly Transmittal (Insurance)	with the above	
Quarterly Report of Contributions (Insurance)	pension trans- mittals and reports	

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

51.5 (b) SCHEDULE OF REPORTS AND REMITTANCES - PENSION,
INSURANCE, SUPPLEMENTAL ANNUITY, TAX SHELTERED
SUPPLEMENTAL ANNUITY AND SOCIAL SECURITY

AMOUNT	REMITTANCES PAYABLE TO APPROPRIATE ONE OF THE FOLLOWING:	MAIL TO
<p>All pension contributions, loan repayments, back deductions, arrears and purchases for the month.</p>	<p>Teachers' Pension and Annuity Fund or Public Employees' Retirement System or Police and Firemen's Retirement System</p>	<p>Division of Pensions P.O. Box 2058 Trenton, N.J. 08625</p>
<p>All pension deductions, back deductions, arrears and purchases for the quarter less remittances for first two months of quarter.</p>		

CONTRIBUTORY LIFE INSURANCE

<p>Contributory Life Insurance premiums of 1% of base salary for members enrolled for Contributory Insurance in the Public Employees' Retirement System and the Police and Firemen's Retirement System. In the Teachers' Pension and Annuity Fund the premium is .8%</p>	<p>Teachers' Pension and Annuity Fund or Public Employees' Retirement System or Police and Firemen's Retirement System, Contributory Group Insurance Premium Fund</p>	<p>Same as above</p>
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CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

51.5 (c) SCHEDULE OF REPORTS AND REMITTANCES - PENSION,
INSURANCE, SUPPLEMENTAL ANNUITY, TAX SHELTERED
SUPPLEMENTAL ANNUITY AND SOCIAL SECURITY

SUPPLEMENTAL ANNUITY	FORM NO.	DUE DATE
Monthly Transmittal (Supplemental Annuity)	Combined with the above pension trans- mittals and reports	Same as above
Quarterly Transmittal (Supplemental Annuity)		
Quarterly Report of Contributions (Supplemental Annuity)		
TAX SHELTERED SUPPLEMENTAL ANNUITY		
Monthly Transmittal (Tax Sheltered Supplemental Annuity)	Combined with the above pension trans- mittals and reports	Same as above
Quarterly Transmittal (Tax Sheltered Supplemental Annuity)		
Quarterly Report of Contributions (Tax Sheltered Supplemental Annuity)		
SOCIAL SECURITY TAX		
(Quarterly) All wages up to maximum in effect in calendar year of all employ- ees covered by Social Security	*OAR-S3 and OAR-S3A "State's quar- terly report of wages paid"	10th of month following close of calendar quarter; April 10, July 10, October 10, January 10
*OAR-S3 OAR-S3A	First page of the report Second and subsequent pages of the report	

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

51.5 (d) SCHEDULE OF REPORTS AND REMITTANCES - PENSION,
INSURANCE, SUPPLEMENTAL ANNUITY, TAX SHELTERED
SUPPLEMENTAL ANNUITY AND SOCIAL SECURITY

AMOUNT	REMITTANCES PAYABLE TO APPROPRIATE ONE OF THE FOLLOWING	MAIL TO
SUPPLEMENTAL ANNUITY		
All Supplemental Annuity deductions for members enrolled in the Supplemental Annuity program	Teachers' Pension and Annuity Fund or Public Employees' Retirement System or Police and Firemen's Retirement System, Supplemental Annuity	Same as above
TAX SHELTERED SUPPLEMENTAL ANNUITY		
All Tax Sheltered Supplemental Annuity Reductions for members enrolled in the Tax Sheltered Supplemental Annuity program	Supplemental Annuity Collective Trust - Tax Sheltered	Same as above
SOCIAL SECURITY TAX		
Check #1 - Total Employer and Employee tax on all covered wages not included on OAR-S3, Unit 002 Report	State of New Jersey, Social Security Fund	State Agency for Social Security P. O. Box 2058 Trenton, N.J. 08625
Check #2 - Employee's share of tax due on OAR-S3, Unit 002 Report	Same	Same as above
Check #3 - Employer's share of tax due on extra compensation wages (if any) included on the OAR-S3, Unit 002 Report	Same	Same as above
Check #4 - Administrative Fee (See sections 63.6 and 64.6)	State of New Jersey, Social Security Administrative Account	Same as above

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

52. QUARTERLY REPORT OF CONTRIBUTIONS - Each reporting entity is required to remit checks monthly to the Division of Pensions, one check covering all pension deductions (including pension contributions, back deductions, arrears and/or purchases, and loan repayments), for all members of the retirement system, another check covering all payroll deductions for contributory insurance for members of the system who are enrolled in the contributory insurance program, a third check covering all payroll deductions for members of the system who are enrolled in the Supplemental Annuity program and a fourth check covering all payroll deductions for members of the system who are enrolled in the Tax Sheltered Supplemental Annuity program. No detailed analysis of the monthly remittances is submitted to the Division. The Division credits the individual member's account quarterly on the basis of the Quarterly Report of Contributions.

The Quarterly Report of Contributions is prepared by the Division on computer-tabulating equipment. It is a projection of the probable liability of each member for the current quarter. The report reflects the most recent salary information available to the Division and will include all members who have been certified as members in a location as the result of the enrollment of a new employee or the transfer of a member from another location.

Please do not add any name on the Quarterly Report, with the following exception. If a member goes on a leave of absence or terminates employment but does not terminate membership in the system and returns to the same employer within two years, the member's name and full line entry should be written on the Report with an appropriate statement in the Remarks column. If there was a balance due on a loan or on arrears and/or purchases at the time the leave began and the leave does not extend beyond several months, the employer should resume payments on such obligations when the member returns to the payroll. Please do not file a new enrollment application for a member who returns from a leave under the circumstances described above.

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The Quarterly Report (in duplicate) will be sent to each location by the tenth of the third month of each calendar quarter, and the original, or white copy, must be filed with the Division by the fifteenth of the following month in the Teachers' Pension and Annuity Fund and Public Employees' Retirement System and by the tenth of the following month for Police and Firemen's Retirement System. For example, the Quarterly Report for the first quarter of the calendar year, covering the months of January, February and March will be sent to the location by March 10 and must be filed on or before April 15 for Teachers' Pension and Annuity Fund and Public Employees' Retirement System and before April 10 for Police and Firemen's Retirement System.

The Quarterly Report is not a bill. It is as close to being a bill as the Division can possibly make it, but it must be remembered that it is primarily based on salary information applicable to the preceding quarter. It is the responsibility of the reporting entity to correct the report to reflect current base salary information, months of service credit in the system for the quarter, termination of employment of members because of death, resignation, etc. Unless quarterly base salaries have changed since the previous quarter, very few changes in the Report will be necessary.

52.1 THE HEADING OF THE QUARTERLY REPORT OF CONTRIBUTIONS -

- (a) CALENDAR QUARTER - In the upper left hand corner of the Quarterly Report, the calendar quarter and year will be printed. For example, the third calendar quarter covering the months of July, August and September of 1967 will appear as follows:

3	67
QTR.	YEAR

- (b) REPORTING AGENCY - The name of the location and the employer code number assigned by the Division will appear in the upper left hand corner and the employer code number on the lower left hand corner of every page of the Report.

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- (c) CERTIFICATION - In the upper right hand corner of the first page of the report, the Certifying Agent must sign the report and certify that the report is a correct report of deductions based on base salaries of members of the system employed in his location.

52.2 THE COLUMNS OF THE QUARTERLY REPORT OF CONTRIBUTIONS:

- 52.21 COLUMN 1, "DUAL" - A letter A, B, C, etc., printed in this column indicates that the member is a multiple enrollee, i. e., is employed by several locations concurrently.

Multiple positions create a special problem in determining the amount to be deducted by each employer for pension purposes. The pension contribution for all members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund is computed at the full rate of contribution less 2% on base salary equal to the maximum wages subject to Social Security in the calendar year, and at the full rate of contribution on base salary in excess of the maximum Social Security wages for the balance of the year.

The employer has no difficulty in computing the current pension deduction for employees who hold only one position because the employer is paying the entire salary and knows when the maximum salary figure is reached. However, in the case of multiple enrollees, one employer has no knowledge of the salary paid to the same individual by other employers.

In order to enable employers and employees to correctly determine, in advance, the amount to be deducted from the base pay of multiple enrollees for pension purposes, in the position not identified by the letter "F" in column 11 of the Quarterly Report, multiple enrollees should pay:

- (a) A pension contribution calculated at the full rate less 2% of base salary under the maximum wages subject to Social Security in the year in this position and at the full rate on all base salary in excess of the maximum in this position for the year. This credit does not apply to members of the Police and Firemen's Retirement System.
- (b) The employee's share of the Social Security tax for the year.

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52.21 In all other positions (such positions will be identified by Cont'd. the letter "F", in column 11 of the Quarterly Report) multiple enrollees should pay:

- (a) A pension contribution calculated at the full rate on all base salary. No reduction or credit is established in such positions.
- (b) The employee's share of the Social Security tax for the year.

For example, in 1967 an individual who is an employee in location A at a monthly salary of \$600 and who is also an employee of location B at a monthly salary of \$100 and has a full rate of contribution of 6.00%, will have the following payroll deductions for pension and Social Security:

MONTHS	LOCATION A			LOCATION B		
	SALARY	PENSION	SOCIAL SECURITY	SALARY	PENSION	SOCIAL SECURITY
January	\$ 600	\$ 24.00	\$ 26.40	\$ 100	\$ 6.00	\$ 4.40
February	600	24.00	26.40	100	6.00	4.40
March	600	24.00	26.40	100	6.00	4.40
April	600	24.00	26.40	100	6.00	4.40
May	600	24.00	26.40	100	6.00	4.40
June	600	24.00	26.40	100	6.00	4.40
July	600	24.00	26.40	100	6.00	4.40
August	600	24.00	26.40	100	6.00	4.40
September	600	24.00	26.40	100	6.00	4.40
October	600	24.00	26.40	100	6.00	4.40
November	600	24.00	26.40	100	6.00	4.40
December	600	36.00		100	6.00	4.40
Total	\$7200	\$ 300.00	\$ 290.40	\$ 1200	\$ 72.00	\$ 52.80

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At the end of the calendar year the employee will receive W-2's from location A and B showing Social Security tax deductions of \$290.40 and \$52.80 respectively. The employee will be entitled to a refund or credit from Internal Revenue of the \$52.80 Social Security tax overpayment when he files his 1967 income tax return. It should be noted that neither the employer nor the Division of Pensions can avoid such overpayment of Social Security taxes..

Also, at the end of the calendar year, the Division of Pensions will determine the multiple enrollee's contributions due to the system on the basis of the combined base salaries reported by all employers. In some instances, the employee will then be paid a refund by the Division for excessive pension contributions. However, in the example given above, the pension contribution has been correctly paid, and no adjustment is necessary. The combined salaries of \$8,400 at a full rate of credit of \$132 (2% of \$6,600, the maximum wages subject to Social Security in the year 1967), results in a pension liability of \$372. This amount was paid by location A and location B in the respective amounts of \$300 and \$72 for the total of \$372.

- 52.22 COLUMN 2, "MEMBERSHIP NUMBER" - The individual employee's membership number in the system is a 4, 5, or 6 digit number. Once assigned, the same membership number remains with the employee during his active membership in the system even though he transfers to another location. However, if the employee leaves employment and withdraws his contributions from the system, or is inactive for more than two years, his membership will be terminated. If he subsequently returns to employment, he must file a new enrollment application and will then receive a new membership number.
- 52.23 COLUMN 3, "NAME" - The member's last name, first name and middle initial. If an employee changes her name through marriage or other legal means, please cross out the printed name, enter (print or type) the correct name immediately above it and explain the change in column 19, "Remarks". The complete name may not be printed by the Division because of space limitations. However, the name and membership number as shown will provide exact identification of the member's account.

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- 52.24 COLUMN 4, "P, F, 3% or 4%" - "P" identifies Policeman and "F" identifies Fireman. The numbers identify interest rates paid in the Public Employees' Retirement System and Teachers' Pension and Annuity Fund - the rate of interest credited to the member on his contributions. The accounts of new members in the Teachers' Pension and Annuity Fund since July 1, 1946 earn 3% while members prior to that date are credited with 4% interest. The accounts of new members of the Public Employees' Retirement System since July 1, 1949 earn 3% while members prior to that date are credited with 4% interest. All accounts of member veterans earn 3%. Please do not alter this column entry.
- 52.25 COLUMN 5, "10/12" - This column will show either a "10" or a "12" indicating whether the member is paid ten or twelve months a year. A ten month employee is presumed to earn 1/10 of his base salary in each of the months September to June, inclusive. A twelve month employee will be presumed to earn 1/12 of his base salary in each of the months July to June, inclusive. The Division cannot accept any method of payment other than "10 or 12". If an employee is paid on an eleven month basis, he must be reported to the Division and pension deductions must be computed on either a ten or twelve month basis.
- 52.26 COLUMN 6, "ACCUMULATED BASE SALARY THROUGH PRIOR PERIODS (DOLLARS)":
- (a) Normally - This column reflects the accumulated base salary reported to the Division for prior quarters of the calendar year. The report for the first quarter of the calendar year will therefore contain nothing in this column. It should be noted that accumulated base salary through prior quarters will not be the same as total wages (for Social Security tax purposes) if the employees received extra pay or had absence deductions in prior quarters. Please do not alter the entry in this column. This entry reflects the base salary for which the member was credited in prior quarters and a change by the location will not alter the contribution records for prior quarters.

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- (b) New Enrollments - The Accumulated Base Salary column will show base salary from date of enrollment or the beginning of the calendar year, whichever is later, to the first of the month in which pension deductions are certified to begin. (See section 15.8 - "Accumulated Base Salary" on the Enrollment Certification.) For example, an employee was appointed September 1 for a ten (10) month salary at \$4,600. Upon receipt of the enrollment application, the Division certifies that deductions should begin in November. Accordingly, this employee's name will not appear on the report of contributions for the third quarter but in the fourth quarter report, column 6 will reflect \$920, the base salary for the two (2) months, September and October (i. e., from date of enrollment to the effective date of certification).

In the event the employee begins employment on or before the sixteenth day of any month, he will be enrolled as of the first of that month. In the event the starting date was on the seventeenth to the end of the month, he would be enrolled as of the first of the following month and no accumulated base salary would be shown for the beginning month of employment; no service credit will be given for such part of a month nor will a back deduction be scheduled therefor. Accumulated base salary will be shown covering only those months in the calendar year during which the employee held membership.

- (c) Transfers - For employees who transfer to another employer, column 6 of the report will reflect the sum of:
- (1) Base salary from date of employment by the new employer to the effective date of certification (similar to paragraph (b) above for new enrollments) and
 - (2) Base salary reported in prior quarters of the calendar year by the previous employer.

In the case of a transferring employee the new employer must apply the full rate in computing the pension contribution when the total base salary in the calendar year reaches the maximum wage level subject to Social Security in that year, even though part of such base salary was paid by another employer.

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52.27 COLUMN 7, "MONTHS" - The number of months of pension service credit in the calendar quarter. In most instances "3" will appear in this column indicating that the member receives credit for all three months in the quarter. However, there are the following exceptions:

- (a) All ten month members will have a "1" in this column in the third calendar quarter of the year because they do not work July and August, but do work only the one month of September. However, three months of service credit will be granted for the quarter.
- (b) If an individual terminates employment before the close of the calendar quarter, this column should be changed to show either one or two months credit, as appropriate. Only full months of service will be credited. For example, if a member left employment on February 5, but received sufficient salary in February to pay a full month's total pension deduction, column 7 should show "2" and two months base salary should be shown in column 8. If he did not receive sufficient salary to pay the pension contribution for February, show "1" in column 7 and one month's base salary in column 8 for the month of January.
- (c) If pension deductions are scheduled to begin in any month other than the first month of a calendar quarter, "1" or "2" months will appear in column 7. For example, if the Division receives an enrollment application in March, it may be certified in April stating that pension deductions should begin in May. In such a case, column 7 on the second quarter report will correctly show "2", indicating current service credit for May and June. Credit for April was given when the back deduction was certified. In this instance please do not change columns 7 and 8.
- (d) If a member was on leave without pay for part of a calendar quarter, please indicate whether he worked and is paying contributions for one or two months of service credit in such quarter.
- (e) Block "B" on the bottom of the last page must be corrected if any changes were made in Column 7.

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- 52.28 COLUMN 8, "BASE SALARY SUBJECT TO CONTRIBUTIONS THIS QUARTER" - This column will be printed on the basis of information available to the Division from the report of the previous quarter or from a Report of Changes for the third quarter of the calendar year. If the printed amount is not correct, please change column 8 to reflect the correct base salary for the quarter. Do not change column 8 because of partial-month absence deductions or because of extra pay. Pension contributions and retirement allowances are computed on base pay, not total cash wages. For twelve month employees, column 8 will reflect 3 months base salary or 1/4 of the annual contractual salary each quarter. For ten month employees column 8 will reflect 3/10 of the annual base salary each quarter except the third quarter of the calendar year when 1/10 of the annual base salary should be reported.
- (a) Termination of Employment During Calendar Quarter - Please change column 8 to the base salary for the months the employee worked and for which he contributed, but only on the basis of a full month's salary. For example, if an employee resigned, retired or died on December 10, show three full months base salary in column 8 and remit a pension contribution based on such full quarterly salary. If you have not deducted for December, change column 7 to two months, show two months base salary in column 8 and pay the appropriate pension contribution for two months.
- (b) Enrollment During Calendar Quarter - If the Division certifies that pension deductions should begin in any month other than the first month in a calendar quarter - for example, November - the Quarterly Report will show two months in column 7 and base salary for only November and December in column 8. If the employee worked September and October, pension contributions and months of service credit for those months were granted when back deductions were scheduled. In such instance do not show a full quarter's salary in column 8.

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- 52.28 (c) cont'd. Retroactive Salary Increase - As explained in the instructions for column 8 on the back of the Quarterly Report of Contributions, please change column 8 to reflect the new salary for the current quarter plus the additional base salary covering the retroactive period. For example, a twelve month employee had a monthly base salary of \$400 at the beginning of the calendar year. In May he received an increase to \$420 a month retroactive to January 1. On the Quarterly Report for the second quarter, leave column 6 at \$1,200, change column 8 to \$1,320 to reflect the sum of (1) the current quarter salary of \$1,260 and (2) the \$60 retroactive salary increase not reported in the first quarter. In the "Remarks" column 19 a statement should be made "Salary third quarter, \$1,260." The Division's projection of salary on the report for the third quarter will reflect \$1,260. In any event, if for any reason the correct base salary does not appear in column 8 of the following report, it must be changed by the location.
- (d) Weekly or Bi-weekly Pay - All employers, regardless of whether they pay their employees monthly, semi-monthly, weekly, or bi-weekly must report "quarterly" base salaries to the retirement system and pay pension contributions applicable to such quarterly salaries. Section 56.2 discusses the computation of a quarterly salary for any employee who is paid on a weekly or bi-weekly basis.
- 52.29 COLUMN 9 - This column is omitted from current reports. It was used to distinguish different rates of contributory insurance premiums among members and may be so employed again.

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52.30 COLUMN 10, "FULL RATE %" - This is the percentage rate of contribution assigned to each member. This rate normally does not change during the member's active membership in the system. The "full rate" shown on the report must be reduced by 2% (as distinguished from the Social Security tax rate) in determining the pension contribution on the accumulation of base salary in a calendar year up to the maximum wage level subject to Social Security in that year (calendar year rather than school or fiscal year) in the Teachers' Pension and Annuity Fund and Public Employees' Retirement System. On base salary in excess of the maximum wage level subject to Social Security in a calendar year the "full rate" determines the pension contribution.

52.31 COLUMN 11, "M, F, W" - An "M" in this column indicates that the member is on military leave of absence from the location. In such case, the employer must pay the pension contribution computed at the full rate, shown in column 10 of the report, on the base salary effective at the beginning of the leave. Since no wages are paid by the employer during the leave, there is no Social Security tax deduction.

An "F" in this column identifies members for whom pension contributions must be computed at the full rate. This usually applies to multiple enrollees reported by secondary locations following the member's prior enrollment.

A "W" in this column identifies members receiving periodic benefits from Workmen's Compensation; the employer is liable for pension contributions at the full rate (See section 59).

52.32 COLUMN 12, "PENSION CONTRIBUTION" - The pension contribution is the regular deduction for the purchase of current service credit. It is computed as follows:

- (a) On the accumulation of base salary in a calendar year up to the maximum wage level subject to Social Security in that year (calendar year rather than school or fiscal year), multiply the base salary by the full rate (column 10 of the Quarterly Report) less 2% in the Teachers' Pension and Annuity Fund and Public Employees' Retirement System. There is no 2% credit in Police and Firemen's Retirement System.

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52.32 (b) On base salary in excess of the maximum wage level subject to Social Security in the calendar year, multiply base salary by the full rate (column 10 of the Quarterly Report). The full rate is used on all base salary earned in Police and Firemen's Retirement System.

For example, in the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, an employee, on a twelve month contract, has a 1967 calendar year base salary of \$8,400. Assuming that his full rate is 5.50%, his pension contributions for the 1967 calendar year are computed as follows:

MONTHS	<u>BASE SALARY</u>		<u>PENSION CONTRIBUTIONS</u>		
	MONTHLY	QUARTERLY	CALCULATION	MONTHLY	QUARTERLY
January	\$ 700.00		700 X 3.5%	\$ 24.50	
February	700.00		700 X 3.5%	24.50	
March	700.00	\$ 2100.00	700 X 3.5%	24.50	\$ 73.50
April	700.00		700 X 3.5%	24.50	
May	700.00		700 X 3.5%	24.50	
June	700.00	2100.00	700 X 3.5%	24.50	73.50
July	700.00		700 X 3.5%	24.50	
August	700.00		700 X 3.5%	24.50	
September	700.00	2100.00	700 X 3.5%	24.50	73.50
October	700.00		300 X 3.5%	32.50	
			400 X 5.5%		
November	700.00		700 X 5.5%	38.50	
December	<u>700.00</u>	<u>2100.00</u>	700 X 5.5%	<u>38.50</u>	<u>109.50</u>
Total	\$ 8400.00	\$ 8400.00		\$ 330.00	\$ 330.00

The monthly deductions for January to September are computed on the monthly base salary of \$700 times 3.5% (full rate of 5.5% less 2%).

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52.32 (b) In October the employee reaches the Social Security "crossover"
Cont'd. in base salary (\$6,600 in the year 1967). His base salary, January to September, inclusive, was \$6,300. Therefore, in October, \$300 of his salary (\$6,600 less \$6,300) is subject to a pension contribution at the net rate of 3.5%, whereas the remaining \$400 of his \$700 monthly base salary is subject to a pension contribution computed at the full rate of 5.5%.

Deductions from an employee's pay because of excessive absences decrease the Social Security tax deduction, but do not affect the pension contribution. The pension contribution is computed on BASE PAY whereas the Social Security tax deduction is computed on total CASH WAGES. In the example given above, the January Social Security tax deduction would be \$30.80 ($\$700 \times 4.4\%$) and the pension contribution \$24.50 ($\$700 \times 3.5\%$) if the employee received his total base salary and had no deduction for absence. However, if \$100 had been deducted from his January pay for absences, his Social Security tax would have been \$26.40 (4.4% of \$600) but his pension contribution would still be \$24.50; the pension contribution is computed on base salary which is still \$700 even though actual cash wages were less than \$700.

Conversely, extra pay for overtime, bonus, etc., will increase the Social Security tax deduction, but does not in any way affect the pension contribution.

If an employee receives extra pay or has a deduction for absence at any time during the calendar year, the employer must watch two accumulations (one for pension and one for Social Security purposes). When total wages equal the maximum wages subject to Social Security tax in the calendar year, the Social Security tax deduction ceases. When base salary equals the maximum wage level subject to Social Security for that calendar year, the pension contribution is computed at the full rate. It is entirely possible, therefore, that an employee's actual salary accumulation will be greater than his base salary accumulation because of extra pay. However, actual salary may be less than base salary due to unpaid absence periods in prior months.

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Employers who pay employees weekly or bi-weekly will have different salary accumulations even though the employee has no extra pay or absence deductions. This occurs because the accumulation for Social Security tax includes actual wages paid each quarter and these vary based on the number of pay periods in the particular quarter. For pension purposes accumulations occur evenly within a quarter and equally for every quarter unless there is a full month's absence or there is a salary change. This problem is discussed in detail in section 56 of this manual

- 52.33 COLUMN 13, "BACK DEDUCTIONS" - Back deductions are short-term, extra pension deductions covering the months from the date of employment to the certified date of the first regular pension deduction. Back deductions may be certified for a new member or for a member transferring from another location.

For example, if an employee began working in a location in September and the Division certified that the first deduction for pension should be taken in the following January, back deductions would be certified as extra deductions to be taken in the months of January through April, inclusive, to cover the four months service credit for September through December.

In other words, in the months of January through April, the employee must pay the regular pension contribution based on his current rate and base salary and, in addition, the specific amount of the back deduction that was certified. Payment of back deductions should be in strict accordance with the monthly amount and in the specific months that were certified. However, if the employee wishes to pay the full balance of the liability for back deductions at any time, the employer may make such arrangements by contacting the Division of Pensions.

On the Quarterly Report the following will be projected in column 13:

- (a) Number of Payments - The number of monthly payments due at the beginning of the calendar quarter which are necessary to liquidate the entire back deduction obligation.

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- (b) Amount - The total amount to be paid for back deductions in the quarter in accordance with the certification given on the enrollment application or transfer forms.

For example, assuming that an employee was enrolled as of September, 1966, and the Division certified on the enrollment application that the first pension deduction should be made in January, 1967, with back deductions of \$10 a month in the months of January through April, inclusive, column 13 of the Quarterly Report for the first quarter of 1967 would show:

- (a) Number of Payments - 4
(b) Amount - \$30

The Quarterly Report for the second quarter of 1967 would show:

- (a) Number of Payments - 1
(b) Amount - \$10

The Report for the second quarter thus indicates that back deductions are fully paid by the payment of one back deduction in April, the first month of the quarter. In reports for subsequent quarters this column would be blank.

Back deductions must be paid exactly as certified or the entire obligation paid in a lump sum. As an example it would have been acceptable for the employer to delete the \$30 back deduction shown in Column 13 of the first quarter report and in its place substitute \$40 if this had been collected.

- 52.34 COLUMN 14, LOAN REPAYMENTS - Members with three years of membership credit may borrow from the system and repay the loan, with interest of 4% on the unpaid balance, through payroll deductions. There is a limit of two loans per calendar year.

Loans must be repaid by extra payroll deductions at least equal to the member's full rate times base salary. For example, an employee has a base salary of \$500 a month and a full rate of 6.00%. The minimum monthly loan repayment is \$30 (\$500 base salary times full rate of 6%).

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52.34
Cont'd.

A member may apply for a loan by filing the appropriate application form. The Division, after approving the loan, will issue a check to the member and will certify to the district that the loan is to be repaid in a certain number of monthly payments of a particular amount. Repayment will be scheduled to begin on a specific date.

The repayment of the loan will be projected on the Quarterly Report and should not be changed. The loan should be repaid in the exact monthly amount that is certified.

The only time the amount shown in column 14 may be changed is in the case of a person who was absent for one or more months of the quarter and, therefore, received no pay from which to make the deduction for the repayment of the loan. In such case column 14 may be changed to exactly 1/3 of the printed amount if the employee worked one month or exactly 2/3 if he worked two months in the quarter. This column also shows the total number of payments due at the beginning of the quarter. (Columns 7 and 8 of the Quarterly Report would also have to be changed in these instances to reflect 1 or 2 months service credit and one or two months base salary.)

Loans will be certified and scheduled for repayment on the basis of ten monthly installments for ten month members and twelve monthly installments for twelve month members.

The number of monthly payments remaining at the beginning of the calendar quarter which are necessary to liquidate the entire loan obligation is also shown unless the member obtained a new loan recently. Then the amount of the loan shown on the report in column 14 may represent different single loan payments in varying combinations.

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- 52.35 COLUMN 15, "ARREARS AND/OR PURCHASES" - Members of the system may elect to buy credit, by extra certified payroll deductions, for types of services detailed in section 41 of this manual. Such purchase will be scheduled and certified to the employer, indicating a particular monthly deduction for a specified period of time.

The deductions will normally be certified to begin with the first month of a calendar quarter. The correct quarterly payment will be projected on the Quarterly Report and column 15 should not normally be changed. Column 15 may be changed only if the member did not work one or more months in the quarter. Column 15 should, in that case, be changed to 1/3 or 2/3 of the printed amount, as appropriate, reflecting corresponding changes in columns 7 and 8.

Also included in this column is the total number of monthly payments still due as of the beginning of the calendar quarter.

- 52.36 COLUMN 16, "TOTAL PENSION DEDUCTIONS" - Column 16 is the sum of column 12, "Pension Contribution"; and column 13, "Back Deductions"; column 14, "Loan Deductions"; and column 15, "Arrears and/or Purchases" for each member in a location. The amount shown in this column is the total cash that will be credited to the member's pension account for the calendar quarter.
- 52.37 COLUMN 17, "CONTRIBUTORY DEATH BENEFIT DEDUCTIONS" - An amount will appear in this column for each member covered under the Contributory Insurance program. For example, in 1967 the normal deduction shown amounts to 1% of the salary appearing in column 8 for members of the Public Employees' Retirement System and Police and Firemen's Retirement System and .8% for members of the Teachers' Pension and Annuity Fund. However, for new enrollees and transferees the amount shown represents all the premiums due from the date insurance is effective, as shown on the certification, to the end of the quarter in which the name of the member first appears on the Report of Contributions. For those members who filed a properly executed Contributory Insurance withdrawal application during the quarter, premiums will be due only up to the date of termination.

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Membership in the Contributory Group Insurance program is generally compulsory for new members of the systems for the first year. To terminate membership in this program, a member must sign the "Notice of Withdrawal from Contributory Group Life Insurance" form and the employer is to file it with the Division. The completed form must be in the possession of the Division of Pensions on or before the date termination is to be effective and this can only be on the last day of a month. The Division will send an acknowledgement letter upon receipt of such withdrawal application.

- 52.38 COLUMN 18, "SUPPLEMENTAL ANNUITY" - All individuals who are members of the Supplemental Annuity programs are identified by a digit in the percent rate column. For those individuals who are not making current contributions the digit "0" is shown. For all other members of the Supplemental Annuity programs a rate of percent (10% maximum) appears in this column and, in addition, a full dollar amount appears next to it in the "Amount" column. The amount is computed by multiplying the salary shown in column "8" by the percent rate shown in column 18 and rounding. Rounding consists of dropping any amounts of less than \$.50 and increasing amounts of \$.50 or more to the next dollar.

A member of these programs is permitted to change his rate of contribution by completing the proper form. This form must be submitted at least 30 days in advance of the calendar quarter in which change is requested. In effect he may discontinue contributions by changing his rate to "0".

CONTRIBUTIONS ACCOUNTING REPORTING PROCEDURE

All members of the Teachers' Pension and Annuity Fund and members of the Public Employees' Retirement System who are employees of public educational institutions and school districts are eligible to participate in the tax sheltered supplemental annuity program, and they are identified on the Report of Contributions by the words "Tax Sheltered" which appear in the "Remarks" column of the report. While deductions reported for Supplemental Annuity will be printed on the same line as all other data pertaining to a particular member, the percentage of salary reduction and the dollar amount reported for the quarter will be printed directly under the regular Supplemental Annuity amount or directly under the space where the regular Supplemental Annuity amount is normally printed.

A member of this program must execute a salary reduction agreement with his employer, which will remain in effect at least one year. He may not change his rate of reduction but he could discontinue contributions during this period. The combined rate for Supplemental Annuity and Tax Sheltered Supplemental Annuity may not exceed 10%. (See sections 100 and 105 of the manual for details concerning the Supplemental Annuity programs.)

- 52.39 COLUMN 19, "REMARKS" - A detailed explanation of any changes in the Report should be given in this column. Please give the specific action and the date of the action. For example, for a change in salary show "Annual salary \$5,000, 10 months, effective January 1, 1967." Termination in service might be noted as "Resigned January 30, 1967", or retired on a certain date. Leaves of absence should be fully detailed. Please note that if a member terminated employment (death, resignation, transfer, etc.) during a calendar quarter, and made pension contributions for 1, 2 or 3 months in such quarter, his name will not appear on the next Quarterly Report. The Division will identify in the "Remarks" column members receiving Workmen's Compensation, transfers and new enrollments.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

53. "TOTAL" BLOCKS FOR NUMBER OF MEMBERS AND MONTHS OF SERVICE CREDIT:
- 53.11 BLOCK "A", NUMBER OF MEMBERS - Total of all members who paid contributions as reflected on the Report.
- 53.12 BLOCK "B", TOTAL MONTHS - Total number of months of service credit to be given to members listed on the Report. Ten month members, although only working one month in the third quarter, receive three months of service credit.
- 53.2 "TOTAL" BLOCKS FOR PENSION CONTRIBUTIONS:
- 53.21 BLOCK "C", TOTAL PENSION CONTRIBUTIONS - Total of all pension contributions in column 12 of the Report.
- 53.22 BLOCK "D", TOTAL BACK DEDUCTIONS - Total of all back deductions in column 13 of the Report.
- 53.23 BLOCK "E", TOTAL LOAN DEDUCTIONS - Total of all loan repayments in column 14 of the Report.
- 53.24 BLOCK "F", TOTAL ARREARS AND/OR PURCHASES - Total of all arrears and/or purchases in column 15 of the Report.
- 53.25 BLOCK "G", TOTAL PENSION DEDUCTIONS - Total of all entries in column 16 of the Report. The report should be crossfooted and the entry in block "G" should be the total of the amounts shown in blocks "C", "D", "E" and "F". The correct amount shown in block "G" must agree with the total cash remitted for the calendar quarter for pension deductions; it does not include remittances for Social Security, Contributory Life Insurance, Supplemental Annuity or Tax Sheltered Supplemental Annuity.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

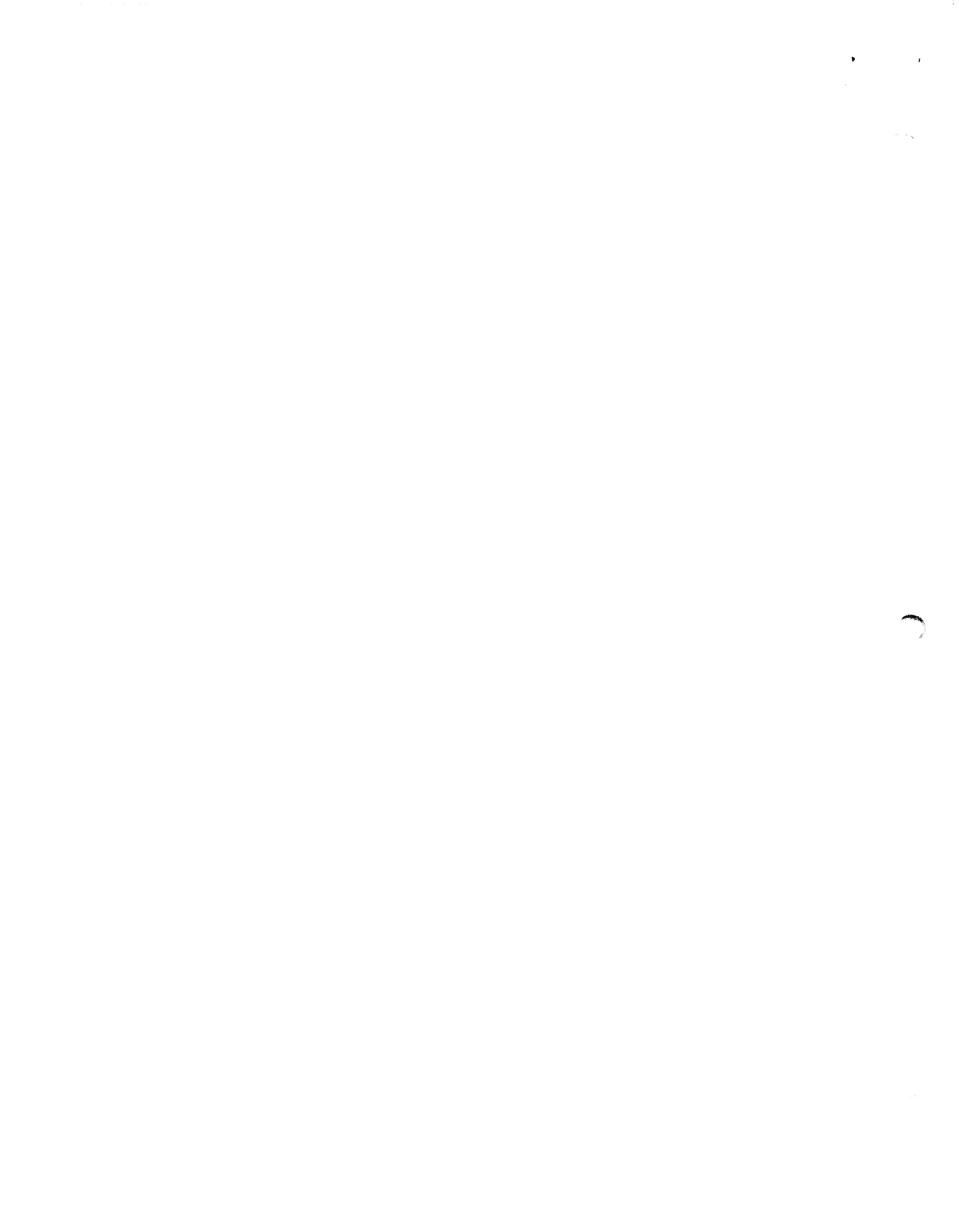
- 53.26 BLOCK "H", TOTAL CONTRIBUTORY DEATH BENEFIT DEDUCTIONS - The total of all contributory insurance premiums due as shown in column 17.
- 53.27 BLOCK "I", SUPPLEMENTAL ANNUITY - The total of all Supplemental Annuity deductions shown in column 18. This amount must be in full dollar amounts.
- 53.28 BLOCK "J" - The total of all Tax Sheltered Supplemental Annuity reductions included in column 18. This amount must be in full dollar amounts.
- 53.3 PAGE TOTALS AND GRAND TOTALS - The totals of columns 12 to 18 inclusive are shown as page totals on each page of the Report. If various changes must be made in column 18 because of retirement, death, etc., page totals should be helpful in checking the corrected grand total which will appear only on the last page of the Report.

Before submitting a Quarterly Report of Contributions, please be certain that:

- (a) The grand total of block "G" on the last page of the Report is the correct sum of the individual entries in column 16 of the Report.
- (b) The grand total of block "G" on the last page of the Report is the amount shown in item 1 of the Quarterly Transmittal.
- (c) The amount of the check (Payable to either the Public Employees' Retirement System, Teachers' Pension and Annuity Fund or Police and Firemen's Retirement System) remitted with the Quarterly Report is the same as the amount shown in item 5 of the Quarterly Transmittal.
- (d) The grand total of block "H" on the last page of the Report is the correct sum of the individual entries in column 17 of the Report.
- (e) The grand total of block "H" on the last page of the Report is the amount shown in item 7 of the Quarterly Transmittal.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- 53.3 (f) The amount of the check (Payable to either the
Cont'd. Teachers' Pension and Annuity Fund, Police
and Firemen's Retirement System or Public
Employees' Retirement System, Contributory
Insurance Premium Fund) remitted with the
Quarterly Report is the same as the amount
shown in item 11 of the Quarterly Transmittal.
- (g) The grand total of block "I" on the last page of
the Report is the correct sum of the individual
Supplemental Annuity entries in column 18 of the
Report.
- (h) The grand total of block "I" on the last page of
the Report is the amount shown in item 13 of the
Quarterly Transmittal.
- (i) The amount of the check (Payable to either the
Teachers' Pension and Annuity Fund, Police and
Firemen's Retirement System or Public Employ-
ees' Retirement System-Supplemental Annuity)
remitted with the Quarterly Report is the same
as the amount shown in item 17 of the Quarterly
Transmittal.
- (j) The grand total of block "J" on the last page of
the Report is the correct sum of the individual
Tax Sheltered Supplemental Annuity entries in
column 18 of the Report.
- (k) The grand total of block "J" on the last page of the
the Report is the amount shown in item 19 of the
Quarterly Transmittal.
- (l) The amount of the check (Payable to the Supple-
mental Annuity Collective Trust - Tax Sheltered)
remitted with the Quarterly Report is the same
as the amount shown in item 23 of the Quarterly
Transmittal.



CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

54. SAMPLE QUARTERLY REPORT OF CONTRIBUTIONS -
The following sample copy of the Quarterly Report of Contributions for members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund illustrates some of the problems which may be encountered in completing the Report.

A sample copy of the Quarterly Report of Contributions for members of the Police and Firemen's Retirement System appears in section 54. 3.

3 67
QTR. YEAR

2003 WINTERVILLE
20033 WINTERVILLE

TEACHERS PENSION AND ANNUITY FUND
PUBLIC EMPLOYEES RETIREMENT SYSTEM

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)	(11)	(12)	(13)	
DUAL	MEMBERSHIP NO.	NAME	F 3% P 4%	10/12	ACCUM. BASE SALARY THRU PRIOR PERIODS (DOLLARS)	MONTHS	BASE SALARY SUBJECT TO CONTRIBS. (DOLLARS) THIS QUARTER	FULL RATE %		PENSION CONTRIBUTION	BACK DEDUCTIONS NO. MONTHS	AMOUNT
	42132	HILL CASPER	4	12	3100	3	1625	6.81		78.16		
	57435	DAVISON MARGAR	3	10	2580	1	445	6.23		18.83	1	18.83
	61915	MAHOOD KENNETH	3	10	6200	1	1290 1033	6.02		54.19		
B	108008	CASE HEIN SALLY	3	10		1	153	5.51	F	8.43		
	142040	TROUT GLADYS	3	12	1150	3	400 600	5.51		21.06		
	155378	JONES ELLA	3	12	4500	3	1500 2250	6.71		108.98		
	156306	LINDEN JOHN	3	10	1200	1	200	5.26		6.52		
	165148	MANLEY LOIS J	3	12	2600	3	1300	5.45		44.85		
	165360	GIRARD ANTHONY	3	12	7000	3	2333 3500	5.34		186.90		
	173217	SMITH HARRY	3	12	6000	3	3000	6.88	W	206.40		
	195678	BLOSS MARY	3	12	2175	1	435	6.60		20.01	5	20.01
	196345	BEST HARRY	3	10	3300	1	550	5.26		17.93	6	17.93
	88332	DUNN MARGARET	3	12		1	264	7.27		17.75		

QUARTERLY REPORT OF CONTRIBUTIONS

54.1 SAMPLE REPORT, TEACHERS' PENSION AND ANNUITY FUND AND PUBLIC EMPLOYEES' RETIREMENT SYSTEM

2003	1
LOCATION	PAGE

PAGE TOTALS
GRAND TOTALS

NUMBER OF MEMBERS	TOTAL MONTHS	TOTAL PENSION CONTRIBUTIONS	TOTAL BACK DEDUCTIONS
12	30 34	\$ 772.26	\$ 56.77
12	30 34	\$ 772.26	\$ 56.77

SEY
OR

I HEREBY CERTIFY THAT THE FOLLOWING IS A CORRECT REPORT OF DEDUCTIONS BASED ON CONTRACT SALARIES ONLY OF MEMBERS OF THE PENSION FUND EMPLOYED IN THIS DISTRICT.

CERTIFIED BY John Smith

LOAN DEDUCTIONS NO. P M T S	(14)	(15)		(16)	(17)	(18)		REMARKS
	AMOUNT	NO. PMTS.	AMOUNT	TOTAL PENSION DEDUCTIONS	CONTRIBUTORY DEATH BENEFIT DEDUCTIONS	SUPPLEMENTAL ANNUITY		
						% RATE	\$ AMOUNT	
				78.16				RESIGNED 6/30/67
				37.66	7.12	8	36	TRANSFER TAX SHELTERED
7	61.00			125.24	9.60		36	
				115.19	8.26	3	31	SALARY INCREASE 9/1/67
						5	51	TAX SHELTERED
				8.43	1.22		60	MARRIED 7/67
			13.64	24.68			20	
		96	15.96	37.02		5	30	LEAVE EFFECTIVE 8/31/67
				125.71	20.00			SALARY INCREASE RETROACTIVE TO 4/1/67
				108.98	18.00	0		SALARY NEXT QUARTER \$ 23.95
				6.52				
				44.85	13.00			
				124.53				LEFT 8/15/67
				186.90				
				206.40				WORKMENS COMPENSATION
				40.02	21.75			NEW ENROLLMENT
				35.86	38.50			NEW ENROLIMENT
				16.75	1.63			RETURNED FROM LEAVE 9/1/67

TOTAL LOAN DEDUCTIONS	TOTAL ARREARS AND/OR PURCHASES	TOTAL PENSION DEDUCTIONS	TOTAL CONTRIBUTORY DEATH BENEFIT DEDUCTIONS	SUPPLEMENTAL ANNUITY	
61.00	\$ 15.96	\$ 905.99	\$ 107.85	\$ 61	\$ 87
61.00	\$ 15.96	\$ 905.99	\$ 107.85	\$ 61	\$ 87

(E)

(F)

(G)

(H)

(I)

(J)

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

54.2 EXPLANATION OF SAMPLE QUARTERLY REPORT OF CONTRIBUTIONS - In this section of the manual we are showing those sample entries which are primarily appropriate to the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, such as different rates for contributory insurance, retroactive salary increases, conversion of hourly or daily rates of pay to a quarterly base salary for pension purposes, name changes, Workmen's Compensation cases, returnees from leaves, and the reporting of quarterly base salaries for employees who are paid on weekly or bi-weekly payrolls. The sample entries are as follows:

- (a) HILL This employee resigned June 30, 1967. Therefore, the employer deleted his name on the "Report of Changes." However, since the Pension Division received regular pension contributions in the second calendar quarter without comment and the member was not employed by another employer in September, the name was projected on the third quarter report. The employer deleted the entire line entry, made the necessary remark in column 19 of the Report and appropriately altered the column totals in blocks A, B, C and G.
- (b) DAVISON This ten month teacher transferred to Winterville in June with deductions certified to begin in September so one back deduction covering the month of June appears in column 13. The salary accumulation shown in column 6 is the sum of five months salary earned in previous employment and one month's salary for June earned in Winterville. The amount appearing in column 16 is the sum of the pension contributions shown in column 12 and the back deductions appearing in column 13. This member's full name contains more than fourteen letters and as the program devotes a maximum of fourteen spaces for this purpose, the letters "et" were dropped from her first name.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

54.2
Cont'd.

The pension deductions were calculated as follows:

Salary of \$445 multiplied by the net rate of 4.23%
(6.23% - 2.00%) equals \$18.83 Pension Contribution.

Contributory Insurance in the Teachers' Fund is due
at a premium of .8% for months of June and September
(\$445 X .8% equals \$3.56 X 2 equals \$7.12).

This member has agreed to an 8% salary reduction
under the Tax Sheltered Supplemental Annuity pro-
gram. Remittance must be in dollar amounts so
rounding was necessary (\$445 X 8% equals \$35.60 or
\$36).

(c) MAHOOD

A ten month teacher whose salary was increased
effective September first after the Report of Salary
Changes had already been submitted. The employer
deleted the old salary and inserted the new salary.
Pension deductions were recomputed and remitted
by the district based upon the correct salary. Proper
notification was included in the "Remarks" column.
Apparently this member as of September first still
owed seven loan payments amounting to \$61 each.

The member's base salary crossed the Social
Security maximum level (\$6,600 in 1967) during
this quarter so \$800 of the computation was at the
full rate. The \$64.24 pension contribution was
computed as follows:

\$ 400	X	(6.02% - 2.00%)	equals	\$ 16.08
<u>800</u>	X	6.02%	"	<u>48.16</u>

\$ 1,200	Salary this quarter	\$ 64.24	Pension Deduction
----------	---------------------	----------	----------------------

This member has authorized a 3% salary deduction
for the regular Supplemental Annuity as well as a 5%
salary reduction for the Tax Sheltered Supplemental
Annuity program.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- (d) CASE This ten month teacher married during the summer so the former name was deleted and the present name was added. All Division records will be corrected to reflect the proper name. This member is covered under the Contributory Insurance program and column 17 reflects the premiums due for the quarter. Proper notation was made in the "Remarks" column.
- This member is identified by the letter "B" in column 1 signifying that she is also employed by another employer. In column 11 the letter "F" appears and this means that Winterville must take pension deductions from her salary at the full rate (no 2% credit). No salary accumulation will be shown for this dual member in column 6.
- (e) TROUT A 12 month member was granted a leave of absence beginning September of 1967. Column 7 was corrected to reflect two months of service credit, and column 8 reflects two months of wage credit. Total arrears and purchases were corrected to two payments instead of three and supplemental annuity was based on a two month salary figure instead of three. All totals were adjusted to reflect the change. A proper notation was made in the "Remarks" column. On the fourth quarter report the member will appear showing a full quarter of contribution, salary and service credit. If the member is continued on leave for the entire fourth quarter, his name will not be projected on the first quarter 1968 report.
- (f) JONES This 12 month teacher received a retroactive salary adjustment to April 1, 1967, and this is included in the \$2,500 shown in column 8. His new quarterly salary will be properly reflected on the fourth quarter report because the employer included in the "Remarks" column the salary to be projected (\$2,375). If the salary information had been omitted from the "Remarks" column, we would project the same figure in the fourth quarter as was shown on the third quarter. This employee is a member of the Supplemental Annuity program; however, he is not currently contributing as is evident by the "0" that appears in column 18 under rate. Pension contributions were computed as follows:

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

54.2
Cont'd.

\$2,100 salary (under \$6,600) multiplied
by Net Rate of 4.71% equals \$ 98.91
\$ 400 salary (over \$6,600) multiplied
by Full Rate of 6.71% equals \$ 26.80

Pension Contribution \$ 125.71

(g) LINDEN A member of the Public Employees' Retirement System as a cafeteria worker is paid on an hourly basis and averages a base wage of approximately \$2,000 a year. Although in September he only earned \$150, a \$200 salary figure was used for pension purposes. It is suggested that the base wage initially estimated should not be changed during the year unless the hourly rate has changed or the normal hours in the work day have changed.

At the beginning of each new year, the estimate should be evaluated and changed if necessary.

(h) MANLEY A member of the Public Employees' Retirement System who has an annual salary of \$5,200 and is paid \$200 bi-weekly. Depending on the beginning and ending dates of the bi-weekly payroll periods, this employee will probably be paid seven bi-weekly pays of \$200 for a total of \$1,400 in each of two calendar quarters of the year and six bi-weekly pays for a total of \$1,200 in the other two alternate quarters of the year. As a quarterly base salary must be reported to the retirement system regardless of the payroll periods, a quarterly base salary of \$1,300 ($1/4 \times \$5,200$) is reported in column 8 for each calendar quarter of 1967 and the pension contribution is computed on such quarterly salary of \$1,300. The contributory insurance premium rate is 1% so that \$13.00 is due.

Please refer to section 56.2 of this manual for detailed instructions regarding bi-weekly and weekly payrolls.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- (i) GIRARD A member resigned his position on August 15. Although the employee received wages for only one and one-half months, pension was due on a full two months base wages. Service credit is given in full months so contributions are due for full months.
- (j) SMITH This member was injured while working, and he is now receiving periodic benefits under Workmen's Compensation. The employer is liable for the pension deductions and these are due at the full rate. If the member had Contributory Insurance coverage, it is optional with the employee to pay the premiums; the employer is not required to pay the premiums. The "W" in column 11 signifies that deductions are computed at the full rate.
- (k) BLOSS This 12 month member of the Public Employees' Retirement System was enrolled in the system effective April 1, 1967 and contributory insurance was effective May 1, 1967. Five pension back deductions were scheduled but only one was due in the third quarter. The Division requires the back deduction installments to be paid exactly as scheduled or the entire amount as a lump sum. If the member chose to pay all back deductions on this report, then the \$20.01 should have been changed to \$100.05. Column 16 should then be changed to \$120.06.

Back deductions are not scheduled for insurance. When the member's name first appears on the report of contributions, premiums are due from the effective date of insurance coverage as shown on the enrollment certification to the end of the quarter. The computation is as follows:

$(\$435 \times 1\% \times 5 \text{ months equals } \$21.75)$

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

54.2 (1) BEST
Cont'd.

This 10 month Public Employees' Retirement System member was enrolled effective January 1, 1967. Back deductions, if paid as scheduled, would continue through February of 1968. The contributory insurance effective date is the same as the enrollment date so insurance premiums are due since January 1. The computation is as follows:

$(\$550 \times 1\% \times 7 \text{ equals } \$38.50)$

(m) DUNN

This ten month member returned within two years after a leave of absence; she did not withdraw her contributions nor was she employed by any other covered employer during the interim period. The district properly added her name to the report.

3 67
QTR. YEAR

20030 WINTERVILLE

POLICE AND FIREMENS RETIREMENT SYSTEM

QUARTERLY REPORT OF CONTRIBUTIONS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)	(11)	(12)	(13)	
DUAL	MEMBERSHIP NO.	NAME	P F 3% 4%	10/12	ACCUM. BASE SALARY THRU PRIOR PERIODS (DOLLARS)	MONTHS	BASE SALARY SUBJECT TO CONTRIBS. (DOLLARS) THIS QUARTER	FULL RATE %		PENSION CONTRIBUTION	BACK DEDUCTIONS NO.	AMOUNT
	3	ALLEN JOSEPH	P	12	6000	3	3000	6.38		191.40		
	35	CLAYTON JOHN	P	12	3076	3	1538	6.14		94.43		
	179	LECKLIDNER JAM	P	12	2626	3	1213 1375	7.07		85.76 97.21		
	3993	CIPRINO JOHN	P	12	6075	3	2025	5.93		120.08		
	6206	RAHAK JOSEPH	P	12	4075	2	3 1350 2025	6.03		122.11 81.41		
	7208	KNADE CHARLES	P	12	4075	3	2025	6.38		129.20		
	19287	GILL DONALD	P	12	2730	1	455	7.66		34.85	6	34.85
	19315	LYNCH CHARLES	F	12	975	1	975	6.63		64.64	1	64.64
	8833	HARRIS JAMES	F	12		2	1400	6.14		85.96		

54.3 SAMPLE REPORT, POLICE AND FIREMEN'S RETIREMENT SYSTEM

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LOCATION	PAGE

PAGE TOTALS

GRAND TOTALS

NUMBER OF MEMBERS	TOTAL MONTHS	TOTAL PENSION CONTRIBUTIONS	TOTAL BACK DEDUCTIONS
8	18 20	779.10 842.47	99.49
8	18 20	779.10 842.47	99.49

TL #28, 12/31/67

ISEY
STEM

I HEREBY CERTIFY THAT THE FOLLOWING IS A CORRECT REPORT OF DEDUCTIONS BASED ON CONTRACT SALARIES ONLY OF MEMBERS OF THE PENSION FUND EMPLOYED IN THIS DISTRICT.

CERTIFIED BY John Smith

LOAN DEDUCTIONS NO. PAYMENTS	(14)	(15)		(16)	(17)	(18)		REMARKS
	AMOUNT	NO. PMTS.	AMOUNT	TOTAL PENSION DEDUCTIONS	CONTRIBUTORY DEATH BENEFIT DEDUCTIONS	% RATE	\$ AMOUNT	
73	181.74			373.14	30.00			
		14	23.88	118.31	15.38	0		
				97.21			69	
				85.76		5	61	SALARY INCREASE
				120.08	20.25			RESIGNED 6/30/67
33	119.34			241.45	20.25	2	41	LEAVE EFFECTIVE 8/31/67
	79.56			160.97	13.50		27	
				129.20	20.25			
				69.70	31.85			NEW ENROLLMENT
				129.28	19.50			NEW ENROLLMENT
				85.96	14.00			RETURNED FROM LEAVE 7/31/67

TOTAL LOAN DEDUCTIONS	TOTAL ARREARS AND/OR PURCHASES	TOTAL PENSION DEDUCTIONS	TOTAL CONTRIBUTORY DEATH BENEFIT DEDUCTIONS	SUPPLEMENTAL ANNUITY	
261.30		1163.77	144.48	96	
301.08	\$ 23.88	\$ 1,266.92	\$ 157.48	\$ 102	\$
261.30		1163.77	144.48	96	
301.08	\$ 23.88	\$ 1,266.92	\$ 157.48	\$ 102	\$

(E) (F) (G) (H) (I) (J)

ON BACK BEFORE FILING THIS FORM

TL #28, 12/31/67

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- 54.4 EXPLANATION OF SAMPLE POLICE AND FIREMEN'S RETIREMENT SYSTEM REPORT - This report is similar to those of the Teachers' Fund and the Public Employees' System except in the following:

Column 4 identifies the member as a policeman, "P" or fireman, "F". The full rate shown in column 10 is always used in computing pension due. There is no 2% credit or "crossover" to consider. The contributory insurance premium rate is similar to the 1% rate in effect in the Public Employees' Retirement System and the same regulations apply concerning the computation of back premiums.

Blocks B, C, F, G, H, I and J - revised to reflect the adjusted totals of the various columns.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

55. REPORTING TECHNIQUES - There are problems related to quarterly reports which are unique and therefore require some detailed explanation. Such matters include penny breakage (section 55.1), contributory insurance for members age 70 or older (section 55.2), leaves of absence (sections 55.3 - 55.5), and the definition, computation and reporting of base salary (sections 56 - 56.4).

55.1 PENNY BREAKAGE - In some instances the total deductions from a member's salary will differ from the quarterly printed total deduction for a particular member by a few cents. The Division applies the appropriate rate to the quarterly base salary while the employer may apply the rate to a semi-monthly or bi-weekly salary and total the six deductions in the quarter. It may also be caused by the employer's understandable attempt to have the same deduction in each of six semi-monthly or bi-weekly payroll periods, even though the quarterly total is not evenly divisible by six.

It is suggested that some of the penny differences may be avoided by applying the appropriate rate to the quarterly base salary and dividing the result by three, six or whatever the number of payrolls in the quarter may be.

The Division asks that the report not be changed if the printed deductions differ from the payroll deduction by a few cents for an individual member. Some will be more and others less than the printed amount. Please remit the printed amount and absorb any total excess in the employer's payroll account by applying it toward payment of the employer's share of the Social Security tax liability.

55.2 CONTRIBUTORY INSURANCE, MEMBERS AGE 70 OR OLDER - No payroll deductions are to be made from the salary of an employee who had contributory insurance coverage prior to attaining age 70, and who remains in service after attaining age 70. The statutes provide that the cost of the contributory insurance for such employees shall be paid by the employer.

CONTRIBUTIONS ACCOUNTING REPORTING PROCEDURE

The cost of this insurance to the employer is a specific percentage of base salary in Public Employees' Retirement System and in the Teachers' Pension and Annuity Fund. It is suggested that provision be made in future budgets for the cost of contributory insurance for any employee who has contributory insurance coverage, if he is to be retained after he has attained age 70.

Contributory insurance premiums are remitted monthly and reported quarterly to the Division on the Quarterly Report of Contributions; this procedure is not applicable after an employee attains age 70.

As soon as a member attains age 70, the Division of Pensions will bill the employer for the cost of the contributory insurance coverage for the balance of the calendar year. Upon receipt of such bill, please verify the accuracy of the salary, and promptly return a copy of the bill together with a check payable to the "Public Employees' Retirement System, Contributory Group Insurance Premium Fund" or "Teachers' Pension and Annuity Fund, Contributory Group Insurance Premium Fund." Payments are to be made in advance for such coverage and the employer may claim a refund if the member leaves active service before the end of the year.

For example, a male employee with a 1967 base salary of \$6,000 attains age 70 in February, 1967. On the Quarterly Report of Contributions for the first quarter of 1967, please indicate in the "Remarks" column that the member attained age 70 in February, 1967, and that his salary subject to contributory insurance for January is \$500. A premium of \$5 ($\$500 \times 1\%$) in the Public Employees' Retirement System or \$4 ($\$500 \times .8\%$) in the Teachers' Pension and Annuity Fund should have been deducted from his pay and remitted with the Monthly Transmittal for January. The Division will bill the employer for \$93.50 or 1.7% of base salary for February through December of 1967 for members of the Public Employees' Retirement System. For members of the Teachers' Pension and Annuity Fund the amount would be \$44 at the .8% rate.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- 55.3 LEAVES OF ABSENCE WITHOUT PAY, NO PENSION CREDIT - If an employee is on leave of absence without pay (other than military leave), the employer is not permitted to remit pension contributions for the employee during the period of the leave. The employee's name should be deleted from the Quarterly Report of Contributions when the leave begins and added to the report by the employer when the employee returns from the leave of absence. The employee will receive no service credit for the period of the leave unless he arranges to buy such service credit in accordance with section 55.4(c) below.

However, if the employer has granted an official leave of absence for illness, maternity, or other reason, it is important that a certified copy of the employer's leave resolution be promptly filed with the retirement system indicating the reason for the leave and its duration; contributory and non-contributory insurance coverage continues during an official leave of absence for illness for two years or for one year if the leave is for maternity. If the leave of absence is for any other reason, the non-contributory coverage continues for only ninety-three days. The contributory insurance coverage is not in effect these ninety-three days unless the member remits premiums directly to the retirement system by personal check or money order (at a specific percentage of the monthly base salary in effect at the time the leave begins).

Premiums are due at the beginning of the month covering that month of leave. Special forms for the personal remittance of monthly contributory insurance premiums are available on request.

It is extremely important that the employer inform a member who is on official leave of absence that he may convert to some private insurance policy within 31 days after the coverage, outlined above, terminates, if he wants to continue insurance coverage without a physical examination.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

55.4 LEAVES OF ABSENCE WITHOUT PAY, WITH PENSION
CREDIT -

- (a) Workmen's Compensation - Please see section 59 for a full discussion of the effect of Workmen's Compensation in the operation of the retirement and other employee benefit programs. However, while an employee who is receiving periodic benefits under Workmen's Compensation is not considered on leave of absence, he very often does not receive supplemental income; yet in the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, the member receives full service credit; the employer is required to make monthly, regular pension contributions. In these cases the pension contribution is calculated at the full rate of contribution on all base salary in effect at the start of his receipt of periodic benefits under Workmen's Compensation. The employer is not liable for Contributory Insurance, loan, arrears, back deduction or Supplemental Annuity payments.

An employee who is covered under the Contributory Insurance program may continue this coverage by making arrangements with his employer whereby the employee will pay the premiums to the employer, which the employer in turn will forward to the Division of Pensions as a part of the regular monthly remittances. The insurance premium would continue to be included on the Quarterly Report. If this arrangement is not practical, the member may continue coverage by making personal remittances directly to the Division of Pensions, using a personal remittance form.

- (b) Military Leave - Regulations concerning pension and insurance deductions vary and depend upon which of the following types of leaves are involved. Please see section 19 for a full discussion of the effect of a military leave of absence.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

55.4
Cont'd.

1. Military Leave of Absence Without Pay - The member receives full service credit; the employer is required to make monthly, regular pension contributions reflected on the Quarterly Report of Contributions. In these cases, the pension contribution is calculated at the full rate of contribution on all base salary in effect at the start of the leave, plus any increments which would have accrued to the member had he not left for military service. The employer is not liable for Contributory Insurance, loan, arrears, back deduction or Supplemental Annuity payments.
 2. Active Duty for Training for Three to Six Months - The special enlistment program to aid the strength of the ready reserve for an initial period of active duty for training of not less than three months or more than six months. The member's name should be deleted from the Report of Contributions. The employer is not liable for any pension contributions.
 3. Military Leave of Absence with Differential Pay Entitlement - Please contact the Division of Pensions for the details concerning the reporting procedure for this type of leave.
- (c) All Other Official Leaves of Absence Without Pay - Pension contributions may not be remitted by the employer or employee with the Quarterly Report of Contributions during the period of the member's leave of absence. The Purchase Section of the Division of Pensions determines if service credit may be purchased and the cost of such purchase. The purchase arrangement must be made within one year after the member returns to active employment.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

55.5 LEAVES OF ABSENCE, WITH PAY -

In the Public Employees' Retirement System, the employee is considered as continuing in active employment for all purposes as long as he receives cash wages which are sufficient to meet the cost of pension, contributory insurance and Social Security contributions.

In the Teachers' Pension and Annuity Fund, a member who is granted a leave of absence at a salary of 50% or more of the contractual or base salary at the time the leave began, is subject to the total pension deduction (pension contribution, loan, arrears, insurance, etc.) and must be reported on the Quarterly Report of Contributions for the entire period of the leave based on such contractual salary. A member who is granted a leave of absence at a salary of less than 50% of the contractual or base salary at the time the leave began, is subject to the total pension deduction for only the remaining months of the school year in which the leave was originally granted.

56. BASE SALARY, DEFINITION -

- (a) Base salary is the contractual salary of the member and must be reported to the retirement system in ten or twelve equal monthly installments; ten, if the member is paid by a school district in the months of September through June; twelve, if the member is paid in each month of the calendar year.
- (b) Base salary is the salary on which retirement benefits are computed and also is the salary on which pension, contributory insurance and Supplemental Annuity deductions are to be calculated.
- (c) Base salary does not include the value of maintenance but it does not include bonuses, overtime pay, or extra pay for extra services such as coaching, or longevity pay given in a lump sum. It does not include extraordinary increases in salary in expectation of a member's contemplated retirement or death.
- (d) Base salary is not to be reduced by nominal pay deductions for absences of any portion of a month as long as the net pay is sufficient to cover the total pension deduction for the month. If, in any month, the net pay is not sufficient to cover the total pension deduction, no base salary is reported for that month and the member does not receive pension service credit for the month.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

56.1 BASE SALARY, COMPUTATION -

(a) Base Salary for Hourly, Daily or Weekly Rate Employees - If employees are paid at an hourly rate, daily rate or weekly rate of pay, it is the responsibility of the employer to estimate an annual base salary on the basis of the rate of pay and the "normal" work year. For example, an employee who has an hourly rate of pay of \$2 and a workweek of 40 hours for 52 weeks of the year has an annual base salary for pension purposes of \$4,160.

(b) The Quarterly Base Salary should be computed as follows:

(1) Twelve (12) Month Employees--Report 1/4 of the annual contractual salary, rounded to the nearest dollar, in each calendar quarter.

For example, a twelve (12) month employee, on a 1966 calendar year contract of \$6,050, is reported as follows:

3/12 of \$6,050 equals \$1,512.50. Therefore, by rounding to the nearest dollar, \$1,513 base salary is reported in each quarter of the 1966 calendar year.

(2) Ten (10) Month Employees--In the third calendar quarter, school districts should report 1/10 of the annual salary, rounded to the nearest dollar, and in the other calendar quarters, 3/10 of the annual salary.

A 1967-68 school year salary of \$6,050, for a ten (10) month employee, is reported as follows:

3rd calendar quarter of 1967	1/10	\$	605.
4th calendar quarter of 1967	3/10		1,815.
1st calendar quarter of 1968	3/10		1,815.
2nd calendar quarter of 1968	3/10		1,815.

CONTRIBUTIONS ACCOUNTING REPORTING PROCEDURE

- (3) A twelve (12) month employee, on a 1967 calendar year salary of \$5,200, payable \$200 bi-weekly, is reported as follows:

1/4 of \$5,200 equals \$1,300. One quarter of the annual base salary is reported each quarter even though the employee may receive six bi-weekly pays (\$1,200) in two quarters of the calendar year and seven bi-weekly pays (\$1,400) in two quarters of the calendar year.

- 56.2 BASE SALARY, QUARTERLY REPORTING - Although an employer pays his employees weekly or bi-weekly, quarterly base salaries must be reported on the Quarterly Report of Contributions and pension deductions must be computed on the basis of a "quarterly" salary.

For example, an employee who has an annual salary of \$7,800, payable in 26 bi-weekly pays of \$300 each, must be reported on the Quarterly Report at a "quarterly" salary of \$1,950 (1/4 of \$7,800) in each calendar quarter even though he may actually receive only six bi-weekly pays, or a total of \$1,800 in the calendar quarter. He will probably receive six bi-weekly pays in each of the two calendar quarters and seven bi-weekly pays in the other two calendar quarters of the year but, for pension purposes, the "quarterly" salary of \$1,950 is reported.

It is suggested that pension deductions, computed on the "quarterly" salary, be deducted from the employee's pay on only six bi-weekly payrolls in the quarter and that no pension deduction be made on the seventh bi-weekly payroll that falls in any calendar quarter.

Similarly, if employees are paid on a weekly payroll, we suggest that pension deductions, computed on a "quarterly" salary, be deducted from the employees' pay on the first twelve payrolls falling in a calendar quarter with no pension deduction in the thirteenth (or fourteenth) payroll of a calendar quarter.

Social Security tax deductions, however, must be computed on the basis of actual cash wages paid during a calendar quarter.

Assuming that an employee has an annual 1967 base salary of \$7,800, payable in 26 bi-weekly pays, and a full pension rate of 6.5%, pension and social security tax deductions should be made as illustrated below. A separate chart is given for the Police and Firemen's Retirement System.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

56.3(a) SAMPLE, QUARTERLY REPORTING

Calendar Quarter	Payroll #	Bi-Weekly Salary	Teachers' Pension & Annuity Fund & Public Employees' Retirement System		See Note Below	
			Pension Deduction	Social Security Tax Deduction		
First	1	\$ 300	\$ 14.63	\$ 13.20	1	
	2	300	14.63	13.20		
	3	300	14.63	13.20		
	4	300	14.63	13.20		
	5	300	14.63	13.20		
	6	300	14.60	13.20		
Second	7	300	14.63	13.20		
	8	300	14.63	13.20		
	9	300	14.63	13.20		
	10	300	14.63	13.20		
	11	300	14.63	13.20		
	12	300	14.60	13.20		
	13	300	None	13.20		2
Third	14	300	14.63	13.20		
	15	300	14.63	13.20		
	16	300	14.63	13.20		
	17	300	14.63	13.20		
	18	300	14.63	13.20		
	19	300	14.60	13.20		
Fourth	20	300	14.63	13.20		
	21	300	14.63	13.20		
	22	300	19.10	13.20		3
	23	300	21.13	None		
	24	300	21.13	None		
	25	300	21.13	None		
26	300	None	None	2		
Total		\$ 7,800	\$ 375.00	\$ 290.40	4	

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

56.3(b) SAMPLE, QUARTERLY REPORTING

Calendar Quarter	Payroll #	Bi-Weekly Salary	Police and Firemen's Retirement System Pension Deduction	See Note Below	
First	1	\$ 300	\$ 21.13	1	
	2	300	21.13		
	3	300	21.13		
	4	300	21.13		
	5	300	21.13		
	6	300	21.10		
Second	7	300	21.13		
	8	300	21.13		
	9	300	21.13		
	10	300	21.13		
	11	300	21.13		
	12	300	21.10		
	13	300	None		2
Third	14	300	21.13		
	15	300	21.13		
	16	300	21.13		
	17	300	21.13		
	18	300	21.13		
	19	300	21.10		
Fourth	20	300	21.13		
	21	300	21.13		
	22	300	21.13		
	23	300	21.13		3
	24	300	21.13		
	25	300	21.10		
	26	300	None	2	
Total		\$ 7,800	\$ 507.00	4	

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

56. 3(a) & (b)
Cont'd.

NOTE 1 - Police and Firemen's Retirement System pension deductions are computed at the full rate of 6.5% times quarterly salary of \$1,950, i.e., \$126.75 for the quarter, \$21.13 per pay for six pays a quarter.

Social Security taxes are not usually due from members of the Police and Firemen's Retirement System. If the Social Security tax was due, it would be computed as an additional payroll deduction over and above the contribution made by the member of the Police and Firemen's Retirement System at the full rate to that System.

Pension deductions from members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System are computed at a net rate of 4.5% (6.5% less 2%) times quarterly salary of \$1,950, i.e., \$87.75 for the quarter or \$14.63 per pay for six pays a quarter.

Social Security tax is 4.4% of \$300 bi-weekly pay.

NOTE 2 - Pension deductions are made from only six bi-weekly pays in a calendar quarter.

NOTE 3 - Pension deductions in the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System change in the fourth quarter due to the "crossover" (\$6,600 maximum in 1967). A total of \$5,850 in quarterly salaries was reported in the first three calendar quarters for pension purposes. Therefore, \$750 of the \$1,950 quarterly salary is subject to the net pension rate and the remaining \$1,200 (over \$6,600) is subject to the full pension rate for a pension liability of \$111.75 in the fourth quarter; two deductions of \$14.63, one of \$19.10 and three of \$21.13 equal this quarterly liability.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

NOTE 4 - Social Security tax--The maximum of \$290.40 (4.4% of \$6,600) was deducted in the first 22 pay periods in the Teachers' Pension and Annuity Fund and in the Public Employees' Retirement System. There are normally no Social Security tax deductions in the Police and Firemen's Retirement System.

56.4 FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965, AS AMENDED AND SUPPLEMENTED - Please see section 10.5 for a discussion of the coverage issues and section 122.71 for a statement of employer obligations resulting from New Jersey's participation in this program.

Essentially, in the Teachers' Pension and Annuity Fund, if services are rendered by members under programs established pursuant to this Federal legislation and the compensation for such services are included as part of the member's contractual salary, these monies are then base salary subject to pension deduction. The same may be said for those who are enrolled in the Public Employees' Retirement System.

Pension contributions for "teachers" who are working under the Federal Act and who have met the prerequisites for membership in the Fund are to be shown on the regular quarterly report of contributions which is filed by the school district with the Teachers' Fund for all regular teachers of the board.

For Social Security tax purposes, the contractual salary of the teachers should be shown on the Unit 002 Social Security wage report together with the salaries of all regular teachers of the board. The board should not remit employer contributions on the wages reported on the Unit 002 wage report; the State of New Jersey will initially assume employer Social Security tax liability on the contractual salary of these employees exactly as it has for all regular members of the Teachers' Fund.

Salaries and wages paid from Title I monies to an employee who is not a member of the Teachers' Fund must be reported on the Unit 001 Social Security wage reports; the board is responsible for the employer Social Security tax liability on such wages and it is also responsible for the appropriate Social Security Administrative fee on the 001 wage report.

CONTRIBUTIONS ACCOUNTING REPORTING PROCEDURE

56.4 Cont'd Some teachers, who are now members of the Teachers' Fund, are continuing to fulfill their regular teaching contracts but have also agreed to assume additional duties under Title I after regular school hours or on Saturdays with additional non-contractual compensation for the Title I duties. As was indicated above, only the contractual salary of the teacher is subject to contributions to the Teachers' Fund; the additional compensation from Title I monies is not subject to pension contributions. However, in accordance with Federal Social Security regulations, for Social Security tax purposes, the total cash wages paid to a teacher covering both contractual salary and additional compensation are to be reported on the Unit 002 Social Security wage report. The school district is responsible for employer Social Security tax liability on covered additional compensation as it is paid.

While the State will initially assume employer liability to the Teachers' Pension and Annuity Fund and employer Social Security tax liability on the contractual salaries of members of the Teachers' Fund who are working under the Federal legislation, The Federal Elementary and Secondary Education Act permits the cost of employee fringe benefits to be charged against the Federal appropriation. Chapter 192, P.L. 1966, enables the State of New Jersey to request reimbursement from local boards of education for the funds which the State advanced to pay employer pension liability to the Teachers' Fund and employer Social Security tax liability for the Federal Act employees. However, since every board of education which participates in the Federal Elementary and Secondary Education Act is now maintaining separate accounting records for Federal appropriations, the records will readily supply all of the information needed in order to determine the liability of the board.

Local boards of education are responsible for employer liability to the Public Employees' Retirement System for all of their employee members of that system and they are also responsible for employer Social Security tax liability for members of the Public Employees' Retirement System. Therefore, Chapter 192, P.L. 1966, as discussed above, is not applicable to Title I employees who are members of the Public Employees' Retirement System. The board of education initially assumes employer pension liability and Social Security tax liability for members of the Public Employees' Retirement System, which may be charged against its Federal monies and there is no problem of later reimbursing the State as there is for members of the Teachers' Fund.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

57. OVERAGES AND SHORTAGES - Shortages or overages in the accounts of individual members may arise as the result of the audit of the Quarterly Report of Contributions. If the employer's remittance is either more or less than the quarterly liability of an individual member for pension contributions and all extra pension deductions, the employer will be advised of the difference by a Statement of Overage or by a Statement of Shortage. On these forms the Division will itemize the amounts for each column of the Quarterly Report for the particular members of the System as they have been reported and also as the Division has corrected the various columns.
- 57.1 OVERAGES - About two months after the Quarterly Reports have been filed this Division will notify employers of any apparent overpayments for the quarter. If there is, in fact, no overpayment but rather an error in salary information etc., the employer should promptly notify this Division. If the Audit Section does not hear from the employer within two weeks, it will assume that there is, in fact, an overpayment and a refund will be made to the employer. Upon receipt of the refund, the employer should promptly return the appropriate amount to the particular employees concerned.

TEACHERS' PENSION AND ANNUITY FUND
 STATEMENT OF OVERAGE - QUARTERLY REPORT OF CONTRIBUTIONS

ADDRESS _____ DISTRICT _____ COUNTY _____ LOCATION NO. _____

OF _____ For the quarter ended _____ there is an overpayment of \$ _____

AGENT _____ unless we hear to the contrary before _____ our check in this amount will follow.

T-50-1-658 #28, 12/31/67

57.2 Statement of Overage

Sample Form

Teachers' Pension and Annuity Fund (Blue colored)
 Public Employees' Retirement System (Yellow colored)
 Police and Firemen's Retirement System (White colored)

MEMBERSHIP NUMBER	3% OR 4%		ACCUMUL. BASE	BASE SAL. THIS QR.	FULL RATE	PENSION CONT.	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL DEDUCTIONS	TOTAL AMOUNT OVERPAID
								MOS.	AMOUNT			
		REMITTED AS CORRECTED										
		REMITTED AS CORRECTED										
		REMITTED AS CORRECTED										
		REMITTED AS CORRECTED										
		REMITTED AS CORRECTED										
		REMITTED AS CORRECTED										
		REMITTED AS CORRECTED										
		REMITTED AS CORRECTED										
		REMITTED AS CORRECTED										
											TOTAL	

AUTHORIZED SIGNATURE _____

DATE _____

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- 57.3 SHORTAGES - Approximately two months after the Quarterly Reports are filed, the employer will be advised of any under-payments or shortages for the quarter. If the employer is not in accord with the statement of shortage, he should contact the Division immediately. If, after reviewing the shortage form, the employer agrees that there is a shortage, he should arrange to take an extra payroll deduction from the individual on the next payroll and remit the payment to the Division of Pensions with one copy of the shortage form.

Please do not combine shortages with the next Quarterly Report of Contributions. The Division has already credited the member's account with the correct salary and months of service for pension purposes. The shortages must be paid by a single, separate check and must be paid within one month after the employer's receipt of the shortage notice.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

57.5 REASONS FOR SHORTAGES AND/OR OVERAGES -

- (a) Errors in Calculation - In applying the rate to the base salary, the employer may possibly have made an arithmetical error.

- (b) "Crossover" in the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System - Please remember that the full rate printed in column 10 of the Quarterly Report is normally applicable only to base salary in excess of the maximum wage level subject to Social Security in that calendar year while on base salary below the maximum, the pension contribution is computed by multiplying base salary by the full rate in column 10 of the Report less 2%.

- (c) Two "Maximums" are Possible in the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System - The full rate for pension purposes is applicable only when "base" salary reaches the maximum wage level subject to Social Security. Extra pay and minor absence deductions are not considered for determining the pension "crossover." For Social Security tax purposes, actual wages are used to determine the maximum. These would include extra pay. A member's take-home pay is reduced when he reached the "crossover" for pension purposes because he begins paying contributions at the full rate. His take-home pay increases when he reaches the "crossover" point for Social Security tax purposes because he no longer needs to pay the Social Security tax for the balance of the calendar year.

In the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, employers who pay weekly or bi-weekly will invariably have different wage accumulations for each employee. The Social Security accumulation is based on "total cash wages" and the pension accumulation is based on a "quarterly" base salary.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- 57.5 (d) Reporting Salary and Deductions for Part of a Month -
Cont'd. The Division credits only full months of service and salary for pension purposes. If an employee works part of a month and earns sufficient money to pay the monthly pension contributions, the employer is required to make and report the full deduction. If he does not earn sufficient pay, (the full pension contribution) please do not remit a deduction for any part of such month; the partial amount should be refunded directly to the member and the employer should report one or two months in column 7 of the Quarterly Report and one or two months base salary in column 8 of the report.
- (e) Failure to Adhere Strictly to the Schedule of Extra Deductions - Extra deductions for loan repayments, back deductions and arrears and/or purchases are scheduled in fixed amounts to be paid in specific months. In order for the Division to control the termination of these extra deductions, the employer must adhere strictly to the certification. Failure to do so will result in an "overage" which will be refunded to the employer or a "shortage" billing.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

58. REPORT OF CHANGES - The Division recognizes that most members of the Public Employees' Retirement System and the Police and Firemen's Retirement System receive a salary change in the first calendar quarter of each year. In order to prepare a Quarterly Report of Contributions for the first quarter which will reflect the new base salaries, the Division sends a Report of Changes to each employer before the close of the calendar year so that the employer may indicate the salaries for the new calendar year. The Report of Changes is a tabulated listing of the membership number, name, and full rate of contribution and the method of payment (10 or 12) for all members of the system in the location. The Report of Changes must be filed by February 1.

Since the Teachers' Pension and Annuity Fund and Public Employees' Retirement System members employed by Boards of Education receive salary changes effective with a school year, beginning July 1, a Report of Changes will be sent to Boards of Education early in June and must be filed with the Division by August 1.

If the Report of Changes is not filed in a timely manner, the Division may not have the opportunity to alter the salary information upon which the entire line entry for each member is based in the projected reports for the respective quarters. The result will be to require the employer to change the Quarterly Report for each line item to the extent that salaries were changed and not reflected on the projected report. This puts an unnecessary burden upon both the employer and the Division in its post audit effort.

- 58.1 COMPLETION OF THE REPORT OF CHANGES - The employer is to complete the last two columns of the Report of Changes as follows:
- (a) In the column headed "10 or 12 Month Member", please verify "10" if the employee is to be paid ten months a year, September to June inclusive, with no base pay in July and August; please verify "12" in this column if the member is to be paid twelve months a year.

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

58.1
Cont'd.

All members are reported to the Division on either a ten or twelve month basis. If a school district has an eleven month employee, it is suggested that he be paid 1/12 of his salary each month of the year with one month of paid vacation. However, regardless of the method of payment, salaries and pension deductions are to be reported and paid to the Division on either a ten or twelve month basis with no exceptions. This is the only way that the Division can give a member proper service credit.

- (b) For members of the Police and Firemen's Retirement System and Public Employees' Retirement System, in the column headed "Base Salary to Appear on Report of Contributions for First Quarter," please show three months base salary (3/12 of new annual base salary) for twelve month employees. The result should be rounded to the nearest dollar.

For example, a twelve month member on a calendar year base salary of \$4,830 would be reported as:

10 or 12 Month Member	-	12
First Quarter Base Salary	-	\$ 1,208

For members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, employed by Boards of Education, in the column headed "Base Salary to Appear on Report of Contributions for Third Quarter," please show one month of base wage if member has a 10 month contract (1/10 of new annual base salary). The result should be rounded to the nearest dollar.

For example, a 10 month member on a school year base salary of \$4,835 would be reported as:

10 or 12 Month Member	-	10
Third Quarter Base Salary	-	\$ 484

CONTRIBUTIONS ACCOUNTING
REPORTING PROCEDURE

- (c) The Division of Pensions will not use the Report of Salary Changes as a means of adding the name of a member returning from a leave of absence to the Quarterly Report, nor will a member's name be deleted from the Quarterly Report if the employer deletes it from the Report of Salary Changes.

58.2 ADDITIONS AND DELETIONS TO THE REPORT OF CHANGES -
In completing the Report of Changes, please do not add any name to the Report. New enrollments and transferring members will be automatically shown on the Quarterly Report in accordance with the certification. Members returning from leave of absence or inactive status at the beginning of the first quarter should not be added to the Report of Changes; please add them to the Quarterly Report for the first quarter of the calendar year.

If an employer deletes a name on the Report of Changes indicating that the member terminated employment because of death, transfer, or other reason, the Division automatically will print that member's name on the Quarterly Report for the first quarter and it is requested that the employer delete the name on the Quarterly Report for the first quarter. The Report of Changes is only a means of advising the Division of new salary information and is not intended for any other purpose.

58.3 REPORT OF SALARY CHANGE, SAMPLE -

WINTERVILLE

Page 1

LOC.	BUR.	M/S	NAME	RATE	10 or 12	BASE SALARY TO BE PROJECT- ED 3RD QTR.
20033	1	57435	DAVISON, MARGAR	6.23	10	
20033	1	61915	MAHOOD, KENNETH	6.02	10	
20033	1	88332	DUNN, MARGE	7.27	12	
20033	1	108008	CASE, SALLY	5.51	10	
20033	1	142040	TROUT, GLADYS	5.51	12	
20033	1	155378	JONES, ELLA	6.71	12	

CONTRIBUTION ACCOUNTING
WORKMEN'S COMPENSATION

59. WORKMEN'S COMPENSATION, INTRODUCTION - In most public employee retirement programs, the means of coordinating the retirement benefits with Workmen's Compensation payments follow one of two courses. In those systems where disability retirement benefits are unavailable or minimal, the statutes provide for the coincidental payment of both for the same injury or the payment of service retirement benefits reduced by the value of the compensation payments. The result is not to recognize for retirement benefits the years in which the employee received such compensation payments and to encourage retirement by employees who could be rehabilitated to return to gainful employment in government or industry. The employee is not likely to consider rehabilitation if his eventual pension benefits will be reduced by Workmen's Compensation payments and his benefits are not increased during the period of possible rehabilitation.

In the systems where service-connected and nonservice connected disability benefits are provided and where such benefits and the payment of Social Security disability benefits are likely to result in a substantial replacement of former compensation, the retirement system may or may not reduce the pension by the value of any Workmen's Compensation payments. In the New Jersey systems the policy has been to exclude the possibility of such reduction. Decisions of the courts and opinions of the Attorney General have held that individuals receiving periodic payments under Workmen's Compensation are to be considered as continuing in an employer-employee relationship. As "employees" these members are encouraged to seek rehabilitation since they are not eligible for retirement while they are still "employees." When the payments of Workmen's Compensation have terminated, the member may then decide, on the basis of his physical or mental condition, as to whether he can return to his former position or whether he should apply for service or disability retirement. In order that the period of compensation payments and possible rehabilitation does not serve to curtail his retirement benefits, the systems provide that he continue to make pension contributions on the basis of the base or contractual salary in effect just prior to the time that Workmen's Compensation payments began.

CONTRIBUTION ACCOUNTING
WORKMEN'S COMPENSATION

Recognizing that such payments are generally too small to permit the employee to make the usual pension contributions with ease, the statutes pertaining to the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, as of August 1, 1966, require the employer to make the contribution that the employee was formerly required to make while in receipt of Workmen's Compensation payments.

- 59.1 WORKMEN'S COMPENSATION, WITH PAY - Some public employers in New Jersey have adopted the policy of paying all or a substantial portion of the employee's salary, reducing the amount by the value of any payments received from Workmen's Compensation or by requiring the employee to pay over the moneys which he periodically receives from the carrier following an award under Workmen's Compensation.

- 59.11 PENSION COVERAGE - A pension contribution should be deducted from the cash wages that the employee receives. The contribution is calculated at the net pension rate (full rate after maximum wages subject to Social Security) on the base salary that the employee would be entitled to receive had he continued in active employment.

- 59.12 NONCONTRIBUTORY LIFE INSURANCE - Noncontributory insurance coverage will continue during the entire period of the payment of wages in addition to or in lieu of Workmen's Compensation periodic benefits.

- 59.13 CONTRIBUTORY LIFE INSURANCE - If the member had contributory insurance coverage immediately prior to the award of Workmen's Compensation, the employer must deduct from his cash wages the specific percentage of the base salary that the employee would be entitled to receive were he still in active employment. Contributory insurance coverage will continue during the entire period of the payment of wages in addition to or in lieu of Workmen's Compensation periodic benefits.

- 59.14 SOCIAL SECURITY TAX - Social Security tax must be deducted from the actual cash wages that the employee is paid by his employer.

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59.15 EMPLOYER LIABILITY - If the cash wages are insufficient to cover pension contributions and Social Security tax liability, in accordance with the above, the employer, in the case of the Teachers' Pension and Annuity Fund or the Public Employees' Retirement System, is liable for any difference in the pension contribution. In determining employer liability, deductions should be made from the employee's cash wages in the following order:

- (a) Social Security Tax--Since tax liability is calculated on cash wages, the employee is always liable for the entire employee Social Security tax liability.
- (b) Pension Contribution--If the wages are insufficient to cover Social Security tax liability and pension contributions, the employer must pay the balance of the pension contribution which is not covered by the employee's cash wages.
- (c) Extra Pension Deductions--If wages are sufficient, deductions should be made for outstanding arrears, back deductions or loans. Otherwise, they will be rescheduled at the employee's return to active employment.
- (d) Contributory Life Insurance--If the wages are insufficient to cover Social Security tax, pension contributions and contributory insurance, the employer is never liable for any portion of the contributory insurance premium. The employee must pay the contributory insurance premium monthly, in advance, by direct remittance to the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund.
- (e) Supplemental Variable Annuity--If wages are sufficient, deductions should likewise be made for the Supplemental Annuity program or they will be resumed on return to active employment. However, if the employee is participating subject to a salary reduction agreement for the purchase of a tax-sheltered annuity, the reduction must be applied to the actual cash wages paid rather than to the employee's base salary to which he would be entitled were he still in active employment, since such cash wages will be less than the former base salary.

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- (f) State Health Benefits--The coverage will continue if the wages received are 50% or more of the employee's normal compensation or they will be resumed on return to active employment.

59.16 PENSION REPORTING - If an employee receives pay while receiving or entitled to receive periodic benefits from Workmen's Compensation, this should be fully noted in the Remarks Column of the Quarterly Report of Contributions in the case of employees reported by the State's political subdivisions. The employee will be considered identically the same as an active employee and there will be no indication in column 11 that he is receiving periodic benefits under Workmen's Compensation. Pension contributions should be remitted with the Quarterly Report of Contributions. Insurance premiums should be remitted if they are deducted from cash wages; if cash wages are insufficient to cover the insurance payment, the employee's base wages should not be considered in calculating the employer's insurance remittance.

59.2 WORKMEN'S COMPENSATION, WITH PAY; OTHER SYSTEMS - In systems other than the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, the employee, receiving all or a portion of the salary to which he would be entitled were he still in active employment while receiving or entitled to receive periodic benefits under Workmen's Compensation, has the same obligations to have pension, contributory insurance and Social Security tax deductions from such cash wages as described in sections 59.11 - 59.14. However, the employer liability differs as indicated below.

59.21 EMPLOYER LIABILITY; OTHER SYSTEMS - If the cash wages are insufficient to cover pension contributions and Social Security tax liability, deductions should be made from the employee's cash wages in the following order:

- (a) Social Security Tax--Since tax liability is calculated on cash wages, the employee is always liable for the entire employee Social Security tax liability.

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- (b) Pension Contributions--If the wages are insufficient to cover Social Security tax liability and pension contributions, the member will receive no pension credit for the period of his receipt of Workmen's Compensation benefits since no contributions can be remitted on his behalf.

All other matters related to Extra Pension Deductions, Contributory Life Insurance, Supplemental Variable Annuity, State Health Benefits and Pension Reporting are identical to those described in sections 59.15 - 59.16.

- 59.3 WORKMEN'S COMPENSATION, WITHOUT PAY - Public employers in New Jersey may or may not insure against their possible liabilities under Workmen's Compensation. However, whether the public agency will pay such periodic benefits directly to the employee who has received such an award or whether a carrier will make payment to the employee, the pension implications are identical. The employee is considered as continuing in an employer-employee relationship and as such the employer and the employee have distinct obligations which differ only between systems. In the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, such obligations are noted below.
- 59.31 PENSION COVERAGE - Effective August 1, 1966 the employer must pay to the retirement system the full employee pension contribution that the employee would otherwise have made just prior to the receipt of periodic benefits under Workmen's Compensation. The pension contribution is calculated at the member's full pension rate of contribution on all base salary in effect at the start of his periodic benefits, with no reduction for Social Security. Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the employee's return to active employment.
- 59.32 NONCONTRIBUTORY LIFE INSURANCE - Noncontributory insurance coverage will continue during the entire period of the member's receipt of periodic benefits under Workmen's Compensation.

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- 59.33 CONTRIBUTORY LIFE INSURANCE - If the member had contributory insurance coverage immediately prior to the award of Workmen's Compensation, he may continue this coverage by paying the contributory insurance premium monthly, in advance, by direct remittance to the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund. He might be able to make an arrangement with his employer whereby he will pay the premiums to the employer, which the employer will forward to the Division of Pensions as a part of the regular monthly remittances; in this case the insurance premium would continue to be included on the Quarterly Report.
- 59.34 SOCIAL SECURITY TAX - As the employee is receiving no cash wages, there is no Social Security tax liability.
- 59.35 SUPPLEMENTAL VARIABLE ANNUITY - Payments will terminate pending the employee's return to the payroll.
- 59.36 STATE HEALTH BENEFITS - Deductions will be resumed upon the employee's return to active employment.
- 59.37 PENSION REPORTING - The local employer should indicate in the Remarks Column of the Quarterly Report, "Workmen's Compensation - began (date)." A copy of the award should be filed with the retirement system, stipulating the exact period for which periodic benefits are payable under Workmen's Compensation. In subsequent reports a "W" will be shown in column 11, the pension payment will be calculated at the full pension rate and the pension contribution should be paid by the employer and remitted with the Report of Contributions.
- 59.4 WORKMEN'S COMPENSATION, WITHOUT PAY: OTHER SYSTEMS - In systems other than the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, the employee who receives an award of periodic benefits under Workmen's Compensation has specific obligations as indicated below.
- 59.41 PENSION COVERAGE - The employee must pay to the retirement system the full employee pension contribution that the employee would otherwise have made just prior to the receipt of periodic benefits under Workmen's Compensation. The pension contribution is calculated at the member's full pension rate of contribution on all base salary in effect at the start of his periodic benefits.

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Such employee pension and contributory insurance premium payments, if any, will be forwarded to the Division of Pensions, using the personal remittance form.

- 59.42 OTHER EMPLOYEE OBLIGATIONS - Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the employee's return to active employment.

The member has the same obligations with respect to non-contributory and contributory life insurance, Social Security tax, Supplemental Variable Annuity, and State Health Benefits as described in sections 59.32 - 59.36.

- 59.5 WORKMEN'S COMPENSATION, RETROACTIVE AWARDS - Very often a substantial period of time may elapse between the employee's injury, the filing of a claim under Workmen's Compensation and the award of periodic benefits, as distinguished from lump-sum settlements and reimbursement of medical and legal fees. Such awards, reflecting periodic benefits for a retroactive period must be treated in the same manner as a retroactive salary payment for pension, insurance and other employee benefit purposes. The full implications of such an award can be secured by addressing a request to the Chief, Bureau of Contribution-Accounting of the Division of Pensions.

- 59.6 WORKMEN'S COMPENSATION AND LEAVES OF ABSENCE - While it is clear that an employee who is receiving periodic benefits under Workmen's Compensation is not considered on leave of absence, leaves are often granted to employees whose disability or injury requires them to leave active employment while they may be pursuing a claim for periodic benefits under Workmen's Compensation. While such benefits are not payable, the employee granted a leave of absence will have his status determined on the basis of the particular leave. Please see section 19 for a full discussion of the several types of leaves.

However, once such periodic benefits are granted, the employee's status is no longer that of an employee on a leave of absence. If the award of periodic benefits under Workmen's Compensation is retroactive to a period in which he was considered on leave, the member's status should be altered to that of a recipient of Compensation benefits and the request for information should be addressed to the Chief, Bureau of Contribution-Accounting of the Division of Pensions.

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59.7 WORKMEN'S COMPENSATION, TEMPORARY OR PERMANENT -
The statutes governing the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund do not distinguish between temporary or permanent disability benefits under Workmen's Compensation so that both types are relevant in determining the member's and his employer's pension obligations. The only difference in the statutes is between periodic benefits and lump-sum settlements in lieu of such periodic payments.

59.8 WORKMEN'S COMPENSATION AND RETIREMENT BENEFITS -
The Attorney General and the Courts have always distinguished between the person receiving a pension and one receiving Workmen's Compensation. The relationship of an employer and an employee is not that of a pensioner since the retired person has severed his relationship, has no further duty to his employer nor is he entitled to any benefits which may accrue to an employee. The "employee" receiving Workmen's Compensation is under the relationship of employee and employer.

It therefore follows that under terms of the statutes governing all retirement and employee benefit systems and specifically those pertaining to the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, that any application for retirement benefits cannot be approved by the Board of Trustees if the member is receiving periodic benefits under Workmen's Compensation. Such an employee is considered in the active service even though he may not be performing his former duties. The member's application for retirement benefits cannot be approved even if he seeks retirement for age and service as distinguished from a disability pension.

59.9 WORKMEN'S COMPENSATION, GENERAL COMMENTS - Some employers appear to be more conscious of a serious claim under Workmen's Compensation than of one under the retirement statutes. Usually the claim in the pension system is several times the value of any similar claim under Workmen's Compensation, but the employer does not experience the immediate increase in his next year's budget appropriation for pensions, because the experience is pooled with that of every other participating employer and each will pay his proportionate share of an increase due to such adverse experience for all. On a self-insured or insured basis, such experience will more likely reflect itself in his appropriation for Workmen's Compensation claims or premiums.

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59.9 Consequently, the employer may urge the employee to file a Contd. claim for service or disability benefits with the retirement system in lieu of a claim under Workmen's Compensation. If the employee's injury is such that he is permanently and totally disabled and there are no other duties that he can perform, it may be in his best interest as well as in that of the community that he be retired. However, by not filing for Workmen's Compensation the employee may be denying himself the opportunity for physical and mental rehabilitation, which might permit him to return to duty and reestablish himself and his family as a responsible unit of the community. Thus, the immediate resolution to seek a pension may prove more expensive and far less rewarding to both the employee and the taxpayer. A claim for temporary or permanent disability benefits under Workmen's Compensation often clearly envisages the employee's return to active employment and certainly the more permanent remedy of retirement is not denied to an eligible employee once his periodic benefits under Workmen's Compensation have terminated.

In this regard it must be noted that the statutes governing Workmen's Compensation and the retirement systems are quite different. Often an employee whose claim for Workmen's Compensation is approved finds that he cannot sustain the burden of proof necessary to receive an accidental disability pension, or he might not meet the age and service requirements for a pension.

In the same vein, an employer, who recognizes that an employee's accident or injury might result in a Workmen's Compensation claim, may take the step which appears to be the easiest one. He may act to terminate the services of the employee believing that in this way he can escape any claim or pension obligation as a result of such claim. This is as wrong as it is irresponsible. A claim for Workmen's Compensation can be awarded and if it is, the reestablishment of an employer-employee relationship will follow. The result will be to impose a pension contribution upon the employee and the employer (both to be paid by the employer in the case of the Public Employees' Retirement System or the Teachers'

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59.9 Pension and Annuity Fund) even though the employer may argue Cont'd. that the employee resigned and thereby severed his relationship with the community. The employer must recognize that the employee benefit programs are designed to account for all such contingencies and go beyond the facade of employer-employee relations in order to protect each one from the machinations, purposeful or not, of the other.

Finally, some employers argue that they are unaware of persons receiving Workmen's Compensation payments since this is entirely handled by an insurance company carrying the coverage. Such a statement likewise conveys irresponsibility since the policyholder should know exactly who is receiving payments as reflected in the experience under the policy for any year. Otherwise, the community is not in a position to determine the accuracy of the premium billing and the relative size of claims, paid or unrevealed, retentions and commissions. In any event the employer cannot hide behind the carrier and plead ignorance since he is required by the statutes to assume certain obligations to his employee members who are receiving Workmen's Compensation payments.

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60.1 FEDERAL-STATE AGREEMENT - Prior to 1951 employment with a state or local government could not be covered by the Old Age and Survivors Insurance program of the Federal Social Security Administration. The 1950 Amendments to the Federal Social Security Act made possible for the first time the coverage of certain groups of state and local government employees. The Social Security Amendments of 1954 provided more extensive coverage primarily by permitting the coverage of employees in positions under an existing state or local government retirement system.

The coverage of employees of state and local government differs basically from coverage of employees in private industry and of the self-employed in that participation in Social Security is by means of agreements entered into between the individual states and the Secretary of the Federal Department of Health, Education, and Welfare.

The initiative for obtaining coverage was originally placed with the State. As a result there had to be authority in terms of enabling legislation for a state to enter into a coverage agreement with the Federal Government. Such authority was provided by Chapter 253 of the Laws of 1951 and an agreement pursuant to this enabling legislation was concluded between the Federal Government and the State of New Jersey on December 30, 1952.

The employees of a political subdivision can obtain Social Security coverage only under the terms of the State's agreement. Moreover, the Federal-State agreement is a contractual arrangement under which the state agrees to make reports of wages paid to employees whose services become covered under the terms of the agreement and pay contributions in an amount equal to the Social Security taxes imposed on employees and employers in private industry. The employees so covered gain the same rights and benefits under the Social Security program as employees in private industry.

60.2 STATE AGENCY FOR SOCIAL SECURITY - Chapter 253, P. L. 1951 designates the State Treasurer as "the State Agency for Social Security." The State Treasurer has delegated his responsibility in this area to the Director of the Division of Pensions.

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The Social Security Agency maintains a staff which mails and receives the quarterly wage reports and adjustment statements from covered employers and relays the necessary data to the Federal Social Security Administration in accordance with the Federal-State agreement.

The Division of Pensions is responsible for the preparation of any modification of the Federal-State agreement and is the agency to whom questions should be referred concerning coverage problems or questionable wage items.

- 60.3 INTERSTATE INSTRUMENTALITIES - Coverage for most public employees in New Jersey has been secured through an agreement between the Federal Government and the State. However, the Federal Social Security Act provides that coverage of employees of interstate instrumentalities must be by an agreement between the instrumentality and the Federal Government. Through separate agreements concluded by such interstate instrumentalities as the Interstate Sanitation Commission, Palisades Interstate Park Commission, and the Delaware River Joint Toll Bridge Commission, members of the Public Employees' Retirement System and others have been covered by the program.
- 60.4 VOLUNTARY COVERAGE - Prior to January 1, 1955 the extension of Social Security coverage to public employees was a matter of the conclusion of voluntary agreements between public employers and the State of New Jersey as arranged by the State Agency for Social Security. The coverage in this period was limited to eligible employees in positions not covered by existing retirement systems. Approximately 350 agreements were concluded providing for the coverage of over 10,000 employees.
- 60.5 COMPULSORY COVERAGE - By terms of Chapter 84, P. L. 1954, Social Security coverage became compulsory for every eligible public employee in New Jersey. By that same Act coverage was extended to every member of the newly created Public Employees' Retirement System. Furthermore, under these compulsory provisions, as a new political sub-division is created its employees must be covered under the program.

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- 60.6 REFERENDA---The Federal Social Security Act was amended in 1954 to provide for the extension of Social Security coverage to public employees in positions covered by retirement systems on the basis of referenda conducted among members of these pension plans. In this manner coverage has been extended to all members of the Teachers' Pension and Annuity Fund, to members of the Public Employees' Retirement System employed in school districts located in first class counties who were also in positions covered by county-wide pension plans, to employees of a score of school districts whose positions were covered by plans established by local action, and to employees in positions covered by other county and municipal retirement systems which have been terminated under the provisions of Chapter 169, P.L. 1956.
- 60.71 REFERENDA, FEDERAL REQUIREMENTS-The requirements, the dates, the definition of membership, etc., pertaining to a referendum to be held among the members of any pension system, are all subject to review by the Federal Government, as it is Federal law which provides for such referenda. The pertinent sections in the Federal Social Security Act can be found in Section 218 of that Act.

Employees covered by a pension system will be eligible for coverage under Social Security if the Governor of the State certifies to the Secretary of the Federal Department of Health, Education and Welfare that the following conditions have been met:

- a. A referendum by secret, written ballot was held on the question of whether service in positions covered by such pension system should be excluded from or included under the State's Social Security agreement with the Federal Government,
- b. An opportunity to vote in such referendum was given to all eligible employees,
- c. Not less than ninety days' notice of such referendum was given to all such employees,
- d. The referendum was conducted under the supervision of the Governor or an agency or individual designated by him, and
- e. A majority of the eligible employees voted in favor of coverage.

Both the Federal and the State authorities are concerned that the

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opportunity to vote not only be given to all eligible employees but be limited to all eligible employees. The Federal law defines an "eligible employee" as one, who, on the date that notice was given and on the date of the referendum was a member of and in a position covered by such pension system. An eligible participant in a referendum must satisfy both conditions which are spaced at least ninety days apart.

A position is covered by a pension system when an individual who occupies the position performs such services so that he is, or that anyone else occupying that position and rendering such services would be, a member of the pension system. Individuals who are on sick leave, military leave, etc., are nevertheless in positions covered by the pension system so that they are eligible employees as long as their membership in the system has not lapsed.

60.72 REFERENDA, STATE REQUIREMENTS-the Governor is empowered by law to authorize a referendum on the question of Social Security coverage where the pension system is supported in whole or in part by the State and is established by the State or by a political subdivision. He also may authorize such a referendum where the pension system is not supported by the State but where it is applicable to more than one political subdivision.

With respect to a retirement system which is not supported by the State and which is established by a single political subdivision, the Governor may authorize such a referendum upon request of the governing body of such political subdivision. The request, in the form of a resolution, should be made to the Governor by the governing body asking that he issue a proclamation calling for the holding of a referendum among the eligible members of the pension system.

State law, as well as Federal law, also require that the notice to be given to employees contain or be accompanied by a statement informing the employees of the rights that will accrue to them and their dependents and survivors, and the liabilities to which they will be subject, if their services are included under the State's Social Security agreement.

A survey must be made of all employees in order to determine who is to participate in any referendum. Federal law provides that the voting must be by "retirement system coverage group". Such a group would be composed of, and limited to, the members of any particular pension system. Voting lists will be prepared on the basis of such categories.

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60.8 REFERENDA, GENERAL INSTRUCTIONS:

60.81 ELIGIBILITY FOR VOTING AND MASTER VOTING LISTS-Participation in a referendum on the question of Social Security coverage is normally limited to employees who are, on the date that notice of the referendum is given and on the date of the referendum, in positions covered by and members of the pension system.

A master voting list should be prepared of the membership on the date that notice is given. On the day of the referendum the names of those who are no longer members on that date should be crossed off the list. Numbers should then be assigned to the remaining eligible voters. Space should be afforded on the list for the signature of the voter who participates in the referendum.

60.82 LARGE VOTING DISTRICTS-Each election official and each subofficial appointed by him, shall have the authority to breakdown and prepare additional lists from the master voting lists in such manner as is needed. The election official within each large district shall formulate his own plan for getting all of the eligible employees to vote. Such plan should be in such detail and with sufficient information and notice as to time and place as to afford each eligible employee the opportunity to vote.

60.83 BALLOTS FOR VOTING-BALLOT BOXES-Sufficient ballots will be furnished for the vote. Ballot boxes may be of any type which may be sealed. Election officials are responsible for the secrecy of the ballot.

60.84 ABSENTEE VOTING-In the case of absence from the usual working location of the member, absentee voting will be permitted. The ballot should be given or mailed to the employee by the election official. The ballot should not in any way be marked so as to void the secrecy of the vote. The employee should mark his ballot and place it in a sealed envelope and mail it to the election official postmarked not later than one day before the day of the referendum. The election official will place the ballot unopened in the ballot boxes on the day of the referendum and indicate "absentee voter" in the space given for the voter's signature on the voting list.

60.85 TIME AND PLACE-Election officials will be responsible for seeing that the polls are open during the entire working day on the day of the referendum and shall select the place or places for voting within the election district.

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60.86 **PROCEDURE FOR VOTING**-Each election official should have the master list of eligible voters or lists prepared from the master lists. On the day of the referendum each member should be given a ballot which he may mark and place in the ballot box which has been provided. The election official shall ask the voter to sign his name next to the name indicated on the master list.

In the case of multiple referenda in a particular district, the election official must be careful to present the proper ballot to the member participating in any particular referendum.

60.87 **CHALLENGED BALLOT OR ERROR IN VOTING LISTS**-In the event an employee not on the eligible voting list demands the right to vote, stating that he was a member of the pension system on the day that notice was given to eligible employees and is still a member, the election official shall allow that person to vote and shall add his name to the list, assigning him a number. He will note on the list by the member's name, "challenged ballot", and he shall also mark the ballot "challenged ballot". Where there may be more than one such ballot, each challenged ballot should be marked with the number assigned to the voter.

60.88 **CERTIFICATION:**

a. **TABULATION OF VOTES AND CERTIFICATION**-Upon the closing of the polls, each election official shall count the votes and note the results on the forms provided for such purpose. In the larger districts where there is more than one election official, each subofficial shall tabulate the votes in his ballot boxes and submit to the chief election official his certification together with the lists and ballots. The chief election official will then tabulate all of the results and certify these results to the Pension Division.

b. **TOTAL NUMBER OF ELIGIBLE VOTERS**-An important item as given on the certification form is the one pertaining to the total number of eligible voters. This figure should be secured by counting the number of eligible voters on the master list once the election is complete.

60.89 **RETENTION OF LISTS, BALLOTS, BOXES, ETC.** -All of the documents and paraphernalia used in the election should be retained by the election official until notice from the Pension Division.

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60.9 INELIGIBLES - After Social Security coverage was made available to employees in positions covered by existing retirement systems through successful referenda conducted among the actual members of the pension plan, consideration turned to those individuals who were in positions covered by existing retirement systems but who themselves were not eligible to be members of the plan for one reason or another. These individuals were ineligible for membership in the retirement system because they were over age when the system was instituted or when they were first employed or they were barred for medical reasons or they did not elect the option of becoming a member of the retirement system.

Such individuals may be found in any political subdivision where a retirement system has been established. The Federal Social Security Act provides coverage for ineligibles as long as the individual was not eligible for membership in a retirement system after September 1, 1954. Individuals who had the option to become a member when they were first employed or when the plan was adopted, but who did not have the option after September 1, 1954, could be covered by Social Security. However, in some plans the option is available for a limited period and if such option was available after September 1, 1954, the individual in question could not be considered an "ineligible" under terms of the Federal Act and as such could not be covered by Social Security.

Through modifications of the Federal-State agreement in 1957 coverage was secured for every ineligible in every entity in the State.

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- 61.1 **COVERAGE GROUP** - Coverage can only be extended to a political sub-division or instrumentality which is defined as a coverage group. In order to determine employer liability and to define the reporting entity, separate groups have been established such as County Park Commissions, County Mosquito Extermination Commissions, Housing Authorities, Incinerator Authorities, Joint Meetings, Sewerage Authorities, Parking Authorities, Regional Water Commissions, Recreation Commissions of more than one municipality, Audio-Visual Aids Commissions, Fire Districts, and Regional Health Commissions. However, County Welfare Boards, Boulevard Commissions, and Parental Schools are entities which have not been considered as separate coverage groups.
- 61.2 **STATE-COUNTY EMPLOYEES** - Questions have been raised concerning the following groups of public employees:
- 61.21 **COURT EMPLOYEES** - All employees of the Supreme, Superior, County, and County District Courts are State employees while employees of municipal courts are municipal employees. Where such State employees are not members of any other pension plan, they are covered by Social Security and are normally eligible for membership in the Public Employees' Retirement System. In the case of county and county district courts, where the employee is paid by the county, the county will deduct for Social Security and will report the State employee along with county employees, unless such State employees are members of county pension plans other than the Public Employees' Retirement System.
- 61.22 **JUDGES** - All judges of the Supreme, Superior, County and County District Courts and Municipal Magistrates are State employees. Judges of the Supreme and Superior Courts are eligible for retirement under the Judicial Pension Act and cannot become members of the Public Employees' Retirement System or be covered by Social Security. Judges of the County and County District Courts and Municipal Magistrates, who are not members of any other pension plan, are covered by Social Security and are eligible for membership in the Public Employees' Retirement System. In the cases of County and County District Courts, where the judge is paid by the County, the County will deduct for Social Security and will report the judges along with County Employees unless such judges are members of County pension plans other than the Public Employees' Retirement System. In the cases of Municipal Magistrates, the municipality will deduct for Social Security and report the Magistrate along with municipal employees unless the Magistrate is a member of a municipal pension plan other than the Public Employees' Retirement System.

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- 61.3 OTHER STATE EMPLOYEES COVERED BY SOCIAL SECURITY -
By opinions of the Attorney General the following are State employees who may be covered by Social Security if they are not members of a retirement system other than the Public Employees' Retirement System:
- a. County Tax Board members and employees
 - b. Civil Service Commission members
 - c. Boards of Barber Examiners and Beauty Culture Control members
 - d. Bar Examiner Board members
 - e. Tax Appeals Board members
 - f. Real Estate Commission members
 - g. Superintendent of Elections and his employees
 - h. County Board of Election members and employees
 - i. County Probation Bureau or Department employees
 - j. County Prosecutor's Office employees
 - k. County Detectives and Investigators
 - l. Clerk of the Grand Jury
 - m. Jury Commissioners and their employees
 - n. County Superintendent of School's employees
- 61.4 THOSE NOT COVERED BY SOCIAL SECURITY - Constables, State Motor Vehicle Agents and their employees, and Licensing Agents of the State Division of Fish and Game and their employees are not eligible for coverage under Social Security.

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61.5 POLICEMEN AND FIREMEN - Policemen and firemen may be covered along with all other employees of any coverage group as long as these policemen and firemen are not in positions covered by a policemen or firemen's pension plan on the date that coverage is extended to the political sub-division. The Federal Act has been amended to specifically include policemen and firemen who are members of such retirement systems in particular states. New Jersey is not one of these states.

A situation has arisen in some municipalities where coverage was extended before the adoption of New Jersey's Police and Firemen's Retirement System. Subsequently, some of these policemen and firemen have become members of this retirement system. However, as they were covered by Social Security prior to the adoption of the retirement system in their municipality, they are covered both by Social Security and the retirement system and contribute fully to both.

61.6 DETERMINATION AS TO WHO IS AN EMPLOYEE - If a local administrator has any question as to whether an individual is performing services as an employee, a request for a ruling should be made to the Division of Pensions. Every other coverage question should also be referred to this office.

61.7 SECURING COVERAGE - When a new political sub-division is created, the State Agency for Social Security should be notified as soon as wages are paid to its first employee. The Division of Pensions will take the necessary steps in securing a modification of the present Federal-State Social Security agreement so that the employees of this new coverage group can be included. At that time the Division will secure the documents establishing the individual responsible for the preparation of the Social Security wage reports and explain the merits of retroactive Social Security coverage, where such retroactive coverage may be involved.

61.8 SICK LEAVE - The Social Security Amendments of 1958 included as sick pay any remuneration for service in the employ of a state or local government which is paid during any period he is absent from work on account of sickness.

61.9 SOCIAL SECURITY COVERAGE FOR FOREIGN STUDENTS AND EXCHANGE TEACHERS - Under Federal legislation all students, teachers, research assistants, etc., who are temporarily in the country under one of the exchange visitor programs are to be excluded from Social Security coverage effective January 1, 1962. Social Security taxes should not be deducted nor wages reported for any person who is temporarily in the United States under the Fullbright Act, the Smith-Mundt Act or any other Federal educational exchange program. However, the act is not retroactive so that deductions which were properly taken prior to January 1, 1962 are not subject to refund.

SOCIAL SECURITY

62. REPORTING INSTRUCTIONS:

- 62.1 EMPLOYER IDENTIFICATION NUMBER - The Social Security Administration will assign an employer identification number to each political sub-division. The number should be entered on every page of all reports, forms, and correspondence to facilitate the identification of the coverage group. The complete name of the group, including the county in which it is located should also be indicated.
- 62.2 COVERED WAGES - Social Security wages are reported quarterly to the State Agency in Trenton. Each report should include all wages paid to all covered employees in that calendar quarter. All wages, including overtime, bonus, etc., are subject to Social Security contributions.

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62.3 RATE AND MAXIMUM WAGES - The total rate of tax and the maximum reportable wages for the various years are shown below.

FICA TAX RATES

<u>For Calendar Years</u>	<u>Employer-Employee Percent Under FICA for Each</u>	<u>Employer-Employee Percent Under FICA of Hospital Insurance Contributions for Each</u>	<u>Total Rate of Contribution</u>
1951 - 1953	1.5	--	3.0
1954 - 1956	2.0	--	4.0
1957 - 1958	2.25	--	4.5
1959	2.5	--	5.0
1960 - 1961	3.0	--	6.0
1962	3.125	--	6.25
1963 - 1965	3.625	--	7.25
1966	3.85	0.35	8.4
1967 - 1968	3.9	0.50	8.8
1969 - 1972	4.4	0.50	9.8
1973 - 1975	4.85	0.55	10.8
1976 - 1979	4.85	0.60	10.9
1980 - 1986	4.85	0.70	11.1
1987 and after	4.85	0.80	11.3

MAXIMUM REPORTABLE WAGES IN A YEAR

(a) 1951 through 1954 - The term "wages" did not include remuneration in excess of \$3,600 paid within any of the calendar years 1951 through 1954.

(b) 1955 through 1958 - The term "wages" did not include remuneration in excess of \$4,200 paid within any of the calendar years 1955 through 1958.

(c) 1959 through 1965 - The term "wages" did not include remuneration in excess of \$4,800 paid within any of the calendar years 1959 through 1965.

(d) After 1965 - The term "wages" does not include remuneration in excess of \$6,600 paid within any calendar year beginning after 1965 by an employer to an employee.

The employer has the right to deduct from the wages paid to the employee, one-half of the total Social Security rate of tax due. He must match this figure with an equal amount. However, if he does not deduct or deducts less than the required amount, the employer is nevertheless liable for the full rate of tax due.

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- 62.4 REPORT FORMS - Before the end of each calendar quarter the State Agency will send each coverage group a supply of forms OAR-S3, "State's Quarterly Report of Wages Paid by Coverage Group." If the wage report forms are not received by the end of the quarter, or if additional forms are needed, the State Agency should be notified promptly.
- 62.5 TRIPLICATE COPIES - Immediately after the close of each calendar quarter, forms OAR-S3, should be completed in triplicate, by each public employer. The preprinted copy of the OAR-S3 should be utilized as page 1 of the original, duplicate and triplicate copies while subsequent pages should be typed on form OAR-S3a, "Continuation Sheet."
- 62.6 DUE DATES - The original and one copy of each quarterly wage report, together with taxes and fees due, should be forwarded by the employer to the State Agency by the TENTH day of the month following the close of the preceding quarter, in order that the State Agency may prepare a consolidated report for all coverage groups. The due dates are, therefore, April 10, July 10, October 10, and January 10.
- The triplicate copy of the report should be kept as part of the records of the coverage group.
- 62.7 INSTRUCTIONS - Detailed instructions for preparing the report are found on the back of the report form. In the event that the instructions on the back of the report form are in conflict with these instructions, please follow the ones contained herein.
- 62.8 EMPLOYER LIABILITY - Each employer is required by law to report quarterly all covered wages for every covered employee until the "Maximum Reportable Wages" in effect during that calendar year are reached. Wages must be reported even though the employee is covered elsewhere by Social Security. One exception to this rule occurs when a member of the Teachers' Pension and Annuity Fund transfers during the calendar year. Then the new employer is required to report only the difference in wages between what was certified by the former employer on the transfer form under item 4 and the "Maximum Reportable Wages" in effect during that calendar year. For example, if \$5,000 is certified as "Social Security Wages Prior to Transfer" the new employer should report only \$1,600 in a calendar year so that the "Maximum Reportable Wages" are \$6,600.

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- 62.9. A SINGLE WAGE ITEM - An employee's name should only be listed once on any quarterly wage report. If he holds several positions for one employer, or if extra compensation, such as overtime or bonus, is to be reported in addition to his regular salary, the employer should total all of these items and report the total as a single item.

If an employee receives no compensation during the quarter, his name should not be listed on the report form.

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- 63.1 PREPARING THE REPORT - Normally, headed copies of the report form are received by the employer. If these are not used all of the information requested in the top portion of the report form should be supplied.

It is absolutely essential that at least the employer identification number and the date the quarter ended appear on each page of the quarterly wage report. All pages should be submitted as a consolidated report and should be arranged in numerical sequence.

Reports must be prepared on a typewriter or business machine as they will be read by an Optical Character Recognition System used by the Federal authorities. Information should be positioned so that it is not entered any closer than 1/4 inch to the heavy line on the left side of the form and no character should touch any vertical lines.

- 63.2 FORM SS-5 - APPLICATION FOR SOCIAL SECURITY NUMBER - The Federal Social Security Administration identifies covered employees by name and by an individual nine-digit Social Security Account Number. It is, therefore, imperative that new employees promptly obtain a Social Security number and that employers correctly identify the employee by name and Social Security number on Social Security wage reports.

When you hire a new employee, please check his Social Security Card carefully. Record the Social Security account number and name exactly as shown on the card. Also make a record of his home address.

If a new employee cannot show you his Social Security card, he should complete a Treasury Department Form SS-5, "Application for Social Security Account Number" for your records. Copies of this form may be obtained at your local Social Security office.

If the employee says that he lost his Social Security card or has never received one, he should promptly apply for a Social Security account number at the nearest Social Security office in addition to completing an SS-5 form for your records. Please keep the SS-5 form until the employee shows you his Social Security card; then return the form to him.

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If you do not have a Social Security account number for an employee when you file a Social Security wage report, copy the information from the SS-5 form for your records and attach the SS-5 to the Social Security wage report that you file with this office. The employee's mailing address should be shown on the wage report in the space allocated for the Social Security number.

- 63.3 ALPHATETICAL SEQUENCE AND EMPLOYEE COUNT - The names of the employees should be listed in alphabetical sequence. The employee count should be shown in item 4 on page 1 of the wage report.
- 63.4 SUMMARY INFORMATION - The coverage group should remember that items 9 and 10 on Form OAR-S3 provide the summary for the entire report and should be completed on the first page only. Please do not show the check number, the amount of the administrative fee and other extraneous information in the summary box on the face sheet of the wage report. Such information may well be shown in a letter of transmittal.

The coverage group should show on each page of the wage report total wages indicated on that page. Please check each total to ascertain if the addition is correct.

- 63.5 ADJUSTMENTS AND EMPLOYEE'S REQUEST FOR STATEMENT OF HIS SOCIAL SECURITY ACCOUNT - Items 11 and 12 should never be used. Adjustments for underpayments and overpayments of contributions will be made by the use of a special form, OAR-S4, "State's Report of Adjustments." This form will be prepared by the State Agency based on information secured from the coverage group.

Adjustments for underpayments or overpayments are usually necessary when mistakes have been made. Omitting a name from the report, including a name that should not have been included, incorrect names of employees, or reporting too much or too little wages, are examples of mistakes commonly made. Please do not attempt to adjust wage reports for prior quarters on the current wage report. If it is necessary to adjust prior quarters, please send a letter to the State Agency in which you supply the necessary information regarding name, Social Security number, wages that were reported and wages that should have been reported and the State Agency will send you the necessary adjustment report.

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The Federal Government suggests that any employee who is covered by Social Security should periodically write to the Social Security Administration in Baltimore to verify that proper wages have been reported in his Social Security account. A convenient "Wage Statement Request" in post card form, may be obtained at your local Social Security office.

We recommend that all public employees who are covered for Social Security send one of these post card forms to the Social Security Administration in Baltimore once every 3 or 5 years to be certain that their wages have properly been reported to the Federal Social Security Administration.

63.6 CHECKS - The employer should forward each quarterly report with checks covering the quarter. All reporting entities (and school districts reporting the Unit 001 reports) will prepare checks as follows:

(a) One check for the taxes listed in item 10 of the report form, representing the total tax of employer and employee. The check for the tax should be made payable to the "State of New Jersey, Social Security Fund."

(b) Another check for $\frac{1}{2}\%$ of the amount of the first check limited to a \$10 maximum and a \$1 minimum fee, representing a share of the administrative cost of the program. Please do not list the amount of the administrative fee on the report form. The check for the administrative fee should be made payable to the "State of New Jersey, Social Security Administrative Account."

Please ascertain before mailing that the checks contain all required signatures and that you did not combine the Social Security tax and administrative fee in one check.

63.7 PENNY BREAKAGE - In computing the amounts of the taxes and fees due, fractions of one-half cent or more should be increased to the next higher penny; fractions of less than one-half cent should be dropped.

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- 63.8 MAILING ADDRESS - Please mail the reports with the checks to the State Social Security Agency, Division of Pensions, P. O. Box 2058, Trenton, New Jersey 08625.
- 63.9 INTEREST - If the employer's report will be late, he should notify the State Agency by telephone. He should, nevertheless, submit the report as soon as possible, because the Federal authorities will charge interest for late reports. Interest is computed at the rate of one-half of one percentum for each month or part of a month, for late filing of reports.

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64.1 INTERSTATE INSTRUMENTALITIES AND THEIR REPORTS - As coverage for employees of interstate instrumentalities can only be secured by means of a separate agreement between the instrumentality and the Federal Government, the instrumentality itself becomes liable for the preparation of its own wage reports which are to be mailed directly to the Federal Government. However, as the State is vitally interested in the reports of those instrumentalities employing members of the Public Employees' Retirement System, the State Agency for Social Security requires that a copy of every quarterly wage report be filed by the instrumentality with the State Agency.

64.2 OVERPAYMENT OF SOCIAL SECURITY TAXES - Each employer must deduct Social Security taxes on covered wages up to the "Maximum Reportable Wages" in effect during a calendar year. Such wages and deductions must appear on the employee's W-2 forms given to him by all employers so that they are in his possession at the time of the year when he must file his income tax return. He can file for a refund of his overpayment of Social Security taxes on his income tax report if the W-2's show total wages subject to Social Security (F. I. C. A.) in excess of the "Maximum Reportable Wages" and the excess was caused by several employers reporting up to such maximum. The refund will be considered as additional withholding tax.

This refund is only possible when multiple employers are involved. If a single employer erroneously deducts taxes on wages in excess of the "Maximum Reportable Wages" for any employee, the employer must refund the overpayment directly to the employee and file an adjustment form with the State Agency in order to secure a credit for the overpayment. This matter of a refund of Social Security taxes is of particular significance to those members of the Public Employees' Retirement System or Teachers' Pension and Annuity Fund who transfer from one employer to another during the course of a calendar year.

64.3 REPORTING INSTRUCTIONS APPLICABLE TO SCHOOL DISTRICTS - School districts are instructed to prepare two separate reports for Social Security purposes. This separation is required to enable the State Agency for Social Security to calculate and request from the State the employer's share of the Social Security tax, due for members of the Teachers' Pension and Annuity Fund.

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Chapter 37, P. L. 1955, not only provides that the State will pay the employer's share of the Social Security tax on covered wages paid to members of the Teachers' Pension and Annuity Fund, but specifies that the State's share will be limited to that portion of covered wages constituting base salary paid. This means that the school district must pay the employer's share of the tax on that portion of covered wages constituting extra compensation as such payments are not subject to the Teachers' Fund.

- 64.4 UNIT REPORTS - In addition to the employer identification number and the date the quarter ended, school districts must remember to add the unit number to every page of the quarterly wage report. All pages of each unit report should be submitted as a consolidated report for that unit.

Unit 001 pertains to all covered employees of the school districts who are not members of the Teachers' Pension and Annuity Fund, and as such should include employees who are members of the Public Employees' Retirement System.

Unit 002 pertains to all members of the Teachers' Pension and Annuity Fund and may include those employees for whom enrollment applications or transfer forms have been filed with the Fund, but for whom certifications have not been received by the time the Social Security reports are to be forwarded to the State Agency.

- 64.5 UNIT 002, SINGLE WAGE ITEMS - If a member of the Teachers' Pension and Annuity Fund receives both base salary and extra compensation paid in any calendar quarter, the total of these payments are to be reported as a single item on the unit 002 report.

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64.6 CHECKS - School districts are to forward each quarterly report with checks covering the quarter as follows:

- A) Unit 001 - total covered wages of all employees who are not members of the Teachers' Pension and Annuity Fund.
- 1) A check payable to the "State of New Jersey, Social Security Fund" representing the employees' and employer's shares of the tax which is computed by multiplying covered wages for all employees, by the full rate in effect during the calendar year as shown in Section 62.3 of this Field Manual.
 - 2) Another check payable to the "State of New Jersey, Social Security Administrative Account" representing the administrative fee payable and computed by taking $\frac{1}{2}\%$ of the total taxes due, however limited to a \$10 maximum fee and a \$1 minimum fee.
- B) Unit 002 - total covered wages of all members of the Teachers' Pension and Annuity Fund, including those not yet certified by the Fund but for whom enrollment applications or transfer forms have been filed.
- 3) A check payable to the "State of New Jersey, Social Security Fund" representing the employees' share of the tax and computed by multiplying covered wages for all employees by one-half of the full percent rate in effect during the calendar year as shown in Section 62.3 of this Field Manual.
 - 4) Another check payable to the "State of New Jersey, Social Security Fund" representing the employer's or school district's share of the tax computed by multiplying covered wages constituting extra compensation paid (as distinguished from base salary subject to the Pension Fund) by one-half of the full percent rate in effect during the calendar year. The State will pay the employer's share of the tax on that portion of covered wages constituting base salary paid.
 - 5) There is no administrative fee payable for any Board of Education Unit 002 coverage group.

As many as four checks may accompany the district's unit reports each quarter, so that it might be helpful to the district as well as to the State Agency if the district identified each check by typing across the face of the check the pertinent unit and purpose such as "001" or "002 - extra compensation."

ACCOUNTING

65. THE ACCOUNTING BUREAU - The Accounting Bureau has its functions divided between four sections or units. The work of the Report Control Unit is detailed below beginning with section 65.1, the Receipts, Disbursement and Mail Section with 66.1, the Quarterly Audit Section with 67.1, and Bi-Weekly and Social Security Audit Section with 68.1.

The discussion of the work of the Accounting Bureau is followed by a description of the work of the Machine Section, Programming Unit, Filter and Control Section, the Bookkeeping Section and the Internal Auditor which while they are not part of the Accounting Bureau, have direct relationships with the various sections of the Accounting Bureau.

- 65.1 REPORT CONTROL UNIT - This unit centralizes the maintenance of control files and records for the Accounting Bureau. Such records include the quarterly reports of contributions, Social Security wage reports and control files for the receipt and processing of such reports, delinquent notices and the mailing of report forms and the annual report of salary changes.
- 65.2 QUARTERLY REPORTS - Monthly transmittals are received from the receipts clerk and recorded on the control file. On the due date this file will reveal all delinquencies and notices are forwarded to the employing agencies while the field staff is notified.

The quarterly transmittals, reports of contributions and the accompanying checks are received from the mail clerk. The Control Unit separates the reports, transmittals and checks, it verifies that the reports are complete and that the checks agree with the totals on the transmittals and reports. It attaches the monthly transmittals to the quarterly transmittal in order to supply such data and the checks to the Receipts Unit.

The quarterly transmittals are processed by the Receipts Section and returned to the Control Unit where the transmittals are attached to the quarterly reports and forwarded to the Quarterly Audit Section.

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After audit the Control Unit marks the control file, detaches the transmittal and sends the report to the Filter and Control Section for processing and transmittal to the Machine Section. After the reports are returned to the Control Unit, the control file is again noted and the reports are filed. Such reports may be pulled if reference is required by other administrative bureaus.

- 65.3 SOCIAL SECURITY REPORTS - These reports are received with checks from the mail clerk and a control card is stamped with the date of receipt while the reports and accompanying checks are forwarded to the Social Security Receipts Section.
- 65.4 MAILING OF REPORTS - The Control Unit is responsible for the mailing of all reports of contributions and the annual reports of salary changes. In the case of the reports of contributions, they are received in triplicate from the Machine Section on continuous form; they must be burst; arranged according to employer, while an original, a copy and transmittal forms are stuffed in preaddressed envelopes for mailing. Files are maintained on a current basis in order to have an up-to-date record of address.

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- 66.1 RECEIPTS, DISBURSEMENTS AND MAIL SECTION - This section of the Accounting Bureau is responsible for the receipt and disbursement of all monies pertaining to the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, and the Police and Firemen's Retirement System, as well as the distribution of mail in the Division.
- 66.2 RECEIPTS UNIT - The Receipts Unit receives remittances from members, employers, the State Treasurer, the Prudential Insurance Company, from other pension funds and redeposits canceled checks.

The major effort of the Receipts Unit is to identify these payments. It may be a check in payment of a shortage given on an adjustment statement, the establishment of prior service or Class B credit, a shortage in an individual account, a transfer of money from one system to another, a payment of a loan obligation, a payment by the State Treasurer of an appropriation, or a payment by any other employer based on his billing notice, a return of a pension or withdrawal check, a personal payment by a member for pension and contributory insurance while on leave of absence, the receipt of interest on investments, checks received from the Prudential for the monthly payment of monies due to beneficiaries and payments for supplemental annuities.

In this operation the Receipts Unit must determine the reason for the payment and if the amount of the remittance is correct as well as the account to be credited. Manual receipts are transmitted to the Bookkeeping Section and the deposit is proven with them. Monthly and quarterly transmittal receipts are sent to the Machine Section and this deposit is proven to the daily tab listing. After deposit of receipts other interested administrative bureaus are notified of the receipt.

- 66.3 RECEIPTS UNIT, DEPOSIT PROCEDURE - The Receipts Unit must review each receipt and verify that the checks are in agreement with the transmittal information. These receipts must be sorted as between those which are to be processed by machine and those to be processed by the manual bookkeeper for which entries and receipt slips are to be prepared. Checks are to be separated from the transmittals and sorted as to bank accounts. Deposit slips are prepared while the transmittal and receipt slips are forwarded to the Bookkeeping and Machine Sections. Upon agreement with the bookkeeping record, checks and deposit slips are forwarded to the respective banks. All transmittals affecting members' accounts are forwarded to the Filter and Control Section for processing.

ACCOUNTING

- 66.4 DISBURSEMENT UNIT - This unit is responsible for the disbursement of all monies on behalf of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, the Consolidated Police and Firemen's Pension Fund, Police and Firemen's Retirement System, State Police Retirement System and Central Pension Fund payrolls. This unit prepares the retirement payrolls, issues all typed checks, processes requests of retirants concerning the Hospitalization and Medical - Surgical group plans and answers all inquiries from retirants.
- 66.5 DISBURSEMENT UNIT, PENSION PAYROLLS - To the copy of the previous month's pension payroll are added new members. From this payroll deaths and cancellations are deleted. In addition all changes authorized by the respective administrative bureaus are made. This serves as the basis for the new pension payroll and it is reconciled to the register of checks prepared by the Machine Section. An entry is given to the Bookkeeping Section for posting.
- 66.6 DISBURSEMENT UNIT, OTHER PAYMENTS - On the basis of various types of authorizations, checks may be issued and reconciled for bookkeeping records for the purpose of the payment of withdrawals, loans, death claims, rebates, payments to retirants after the pension payroll has been processed, investments, transfers and the payment of insurance premiums to the carrier.

The typed checks are verified against the authorization while the date of completion is entered on the control journal. Letters accompanying withdrawals and death benefits will show the check number and date. All checks are forwarded to the Cash Control Unit of the State Centralized Payroll System for mailing.

A report listing transfers, deletions and conversions and accompanying checks are prepared for the Hospitalization and Medical - Surgical group plans.

- 66.7 MAIL UNIT - From one to four sacks of mail are received by the Division daily. In most instances the morning delivery is much heavier than the afternoon delivery. It is opened and the contents are time stamped and sorted. On normal days the morning mail is distributed by 11 a. m. and the afternoon mail is distributed by 2:30 p. m.

ACCOUNTING

67.1 QUARTERLY AUDIT SECTION - While the Bi-Weekly Audit Section is responsible for the work of the Social Security Agency and the audit of the quarterly report submitted by the State Centralized Payroll System, the Quarterly Audit Section is responsible for the audit of the quarterly reports received from all other employers, primarily on the quarterly report forms for pension, contributory insurance and supplemental annuity purposes. The quarterly report of contributions and the information pertaining thereto is detailed in section 50-54 for the Teachers' Pension and Annuity Fund, section 55-59 for the Public Employees' Retirement System, and section 125-129 for the Police and Firemen's Retirement System.

67.2 PRE-AUDIT PROCEDURE - The reports and transmittals are received from the Report Control Unit. They are distributed to the audit clerks for review. The principal purpose here is to pre-audit the cash received against the totals given on the quarterly reports as well as on the transmittal forms for pension, contributory insurance, and supplemental annuity.

The next step is to prove the totals of the respective columns of the report, inspecting all changes. Particular attention is given to: determining if contributions are based on a full month's base salary as reported, name changes, dates of leaves and terminations, additions of new members to the report and verifying the base salaries subject to contributory insurance.

67.3 MACHINE AUDIT - The audited reports and transmittal forms are returned to the Report Control Unit and then forwarded to the Machine Section through the Filter and Control Section. In this procedure control figures are established in order to determine the validity of the machine audit. The resulting list of exceptions or problem cases are returned from the Machine Section for a post-audit.

67.4 POST-AUDIT PROCEDURE - The Quarterly Audit Section will review the list of apparent overages and shortages as determined by the Machine Section. Overage and shortage adjustment forms are prepared and forwarded to employers. The section will prepare follow-up statements in instances where these adjustments are not satisfactorily resolved before the close of the accounting cycle.

ACCOUNTING

67.5 OTHER RESPONSIBILITIES - The Quarterly Audit Section does a variety of audit steps to assure the accuracy of the accounting data. It performs annual audits for dual or multiple enrollments; it audits the accounts having unpaid obligations toward which no payments are currently received; it audits accounts for various periods upon the request of the members concerning their annual account statements and works with employers and the field staff in resolving reporting problems.

ACCOUNTING

68.1 BI-WEEKLY AND SOCIAL SECURITY AUDIT SECTION - This section performs in two capacities. It is responsible for the Social Security program which involves receiving blank reports from the Federal Government and mailing these reports to the various covered groups within the State. These are completed by the covered groups and returned to this section with money covering taxes and fees. In conjunction with the Machine Section, reports are reviewed for accuracy. The checks are deposited adjustments are made, State billings are prepared, and the original copy of the completed Social Security reports and a tabulating listing are sent to the Federal Government together with a certificate of deposit for the total amount of taxes due.

This section is also responsible for the bi-weekly audit program which covers employees paid by the State of New Jersey and paid by the Centralized Payroll System. This includes, each quarter, reconciling cash, bursting and binding logs, preparing journal entries for distribution of the Clearing Account, and auditing bi-weekly account post-audit exceptions.

68.2 STATE QUARTERLY REPORT - Unlike most other employers that report through the means of the quarterly report of contributions, the State Centralized Payroll System forwards tabulating cards and contribution logs to the Accounting Bureau. These cards are processed in order to verify that the amount of the contributions equal the amount of the receipts for that period. A quarterly report is tabulated and forwarded to the Bi-Weekly Audit Section. The report indicates the payroll period, payroll number, employee number, pay period number, membership number, percent rate, the actual salary for the bi-weekly pay period, the normal contribution, the arrears payment, the loan payment, the total pension contribution, insurance contributions, and supplemental annuity contributions. This information is summarized for each member for the number of pay periods in the quarter. The amount of the member's contribution is posted to the member's ledger card which is maintained in the files of the system.

68.3 BI-WEEKLY AUDIT PROCEDURE - However, before posting, the Bi-Weekly Audit Section must reconcile cash. Audit exceptions indicated by the Machine Section after it performs a machine audit of the contribution cards submitted by the State Centralized Payroll System are corrected after accounts are posted.

ACCOUNTING

The Bi-Weekly Audit Section maintains an up-to-date master work card for members reported by the State Centralized Payroll System noting receipt of all CS 21 and CS 22 forms from the Civil Service Department. When a change appears on the report, the propriety of the change is verified from these work cards.

The section is also responsible for replying to inquiries made by State employees concerning their accounts.

ACCOUNTING

69.1 SOCIAL SECURITY AUDIT PROCEDURE - The quarterly Social Security reports are received from each reporting entity and logged in by the Control Unit of the Accounting Bureau. These are then given to the deposit clerk who records on audit cards the total wages shown on the bottom of the OAR-S3 report form, the total amount of taxes and administrative fees received and the number of employees listed on the report. Tapes are prepared of checks and wages and the audit cards are forwarded to the Machine Section where they are keypunched and processed through an audit program. The results appear as a tabulating run and this is used as a deposit proof and for the establishment of exception items to be reviewed in detail.

The auditor or deposit clerk will contact the coverage group when he detects an error so that the group may be instructed in the proper reporting procedure. On occasion the auditor may refer the problem to a field representative in order to make a field contact with the coverage group.

69.2 CASH RECEIPTS - Each day the audit cards representing a deposit are forwarded to the Machine Section. In the meantime a tape has been prepared of the checks included in the deposit. The following morning a tabulating run is prepared of the audit cards and if the total agrees with the check tapes, the deposit is made. The daily totals are used as a source for bookkeeping entries. The audit cards are stored until the end of the reporting month and at this time they are collated and summarized for the purpose of obtaining the value of the State liability for the employer's share of Social Security tax for Unit 002 reports and the OAR-S2 report for the Federal Government. The Federal Government's copy of all the wage reports received by the State Agency together with the OAR-S2 report are packaged and mailed to them while the State copies are bound and stored for reference purposes.

69.3 BILLING THE STATE - At the end of each quarter the State is billed by the Social Security Agency for the taxes due for State employees including employees of Rutgers University. The State is also billed for the taxes due for Unit 002 reports, covering the members of the Teachers' Pension and Annuity Fund.

ACCOUNTING

- 69.4 GENERAL LEDGER ACCOUNTS - Deposit accounts are maintained for the collection of taxes and fees received. Receivable and payable accounts are maintained for taxes, fees and interest. The State may advance the interest due from a public employer in order to prevent the further accumulation of interest and bill the employer for the amount advanced. Liability accounts are maintained for contributions due to the Federal Treasurer as well as administrative fees due to the State Treasurer.
- 69.5 THE BOOKKEEPING OPERATION - The responsibility of the bookkeeping operation is that of the Bookkeeping Section under the direction of the Chief Accountant. The section maintains the General Journal, Cash Receipts and Disbursements Journals, the General Ledger and subsidiary records as well as the Adjustment Journal. This latter Journal is used to give effect to the adjustments resulting from the receipt of Federal notices.
- 69.6 INTEREST CHARGES - All interest charges are levied by the Federal Government. Letters imposing such charges are received by the State Agency and, in turn, the employers involved are notified by the State Agency. Interest is calculated by multiplying the contributions due by the number of days the report is considered late by the Federal Government, divided by 365 times 6%.

ACCOUNTING

- 84.1 THE FILTER AND CONTROL SECTION - This section is under the direction of the Chief Accountant and is responsible for controlling data which is posted in summary in the General Ledger and in detail to the accounts maintained by the Machine Section for the retirement programs.
- 84.2 FILTER AND CONTROL, CONTROL SERVICE - The operation of any major accounting system which is to be performed by tabulating equipment requires external as well as internal control over the data transmitted to and received from the Machine Section. In the Division of Pensions the system which has been evolved is one which provides for such information as is posted by the Bookkeeping Section to be verified against those items processed by the Machine Section. This is effected by the Filter and Control Section which receives information from the various administrative bureaus and establishes control registers against which the general ledger postings and the tabulating transactions are checked.
- 84.3 FILTER AND CONTROL, OTHER SERVICES - Through the use of similar controls the Filter and Control Section performs other services as administrative functions of the Division. One procedure is to verify that the items not controlled by a general ledger posting are processed properly by the Machine Section. This would include such items as back deductions or arrears purchases, changes in projections, new purchases, etc.

Control registers are maintained on a quarterly basis and as such are employed in proving the quarterly run of transactions processed by the Machine Section while providing quarterly totals to facilitate proof of the accounts by the internal auditor.

Finally, by isolating information the Filter and Control Section provides control data for the State Centralized Payroll System relative to those members of the retirement programs paid and reported by that system.

ACCOUNTING

84.4 CONTROL PROCEDURES - The following items are subject to control as indicated:

- (a) **Enrollments and Transfers** - New enrollments and transfers are received in groups from the Enrollment Section. The enrollments are in membership number order and the transfers are in assigned transfer number order. After the numerical sequence has been reviewed, group numbers are assigned and recorded in a Control Register together with the number sequence against which it applies. The applications and transfers are then forwarded to the Machine Section for processing and verification. The subsequent tabulation prepared by the Machine Section is reviewed to insure that all items have been processed or accounted for. The dollar totals of arrears, back deductions, and accumulated salaries, and total months of service developed by the Machine Section are entered in the Control Register. The number of certifications of new enrollments and changes in the Supplemental Annuity program are determined, entered in the Control Register, and submitted to the Machine Section for processing and subsequent verification.
- (b) **Projection Change Forms** - Projection Change Forms are received from the administrative bureaus and are entered on a control register covering items such as months of service, back deductions, arrears, loans and contributory insurance premiums. These forms are then forwarded to the Machine Section for processing and verification.
- (c) **State Centralized Payroll System** - The Filter and Control Section acts as the transmitting agent for all new information to be forwarded to the State Centralized Payroll System regarding enrollments and transfers, projection changes, loans, arrears, supplemental annuities, etc. Batches are maintained in the control register appropriate to the effective payroll dates. The material is processed by the Machine Section and after verification is forwarded to the State Centralized Payroll System.

ACCOUNTING

- 84.4 (d) Journal Entries - Blocks of control numbers are assigned to the administrative bureaus of the Division. Journal entries within the assigned blocks are accepted by the Filter and Control Section after approval by authorized personnel within the respective bureau. The journal entries are batched and forwarded to the Machine Section for processing and verification. A monthly controlling entry covering all journals processed for the month is prepared, verified with the Bookkeeping Section and forwarded to Bookkeeping for posting into the General Ledger.
- (e) Miscellaneous Entries - During each accounting period various entries affecting members' accounts but not the General Ledger are necessary. All of these transactions are entered into a control register maintained by Filter and Control Section showing increases and/or decreases in items such as loans, back deductions, arrears, months of service, members' contributions, accumulative interest, base salary, etc. These items are batched and forwarded to the Machine Section for processing and verification.
- (f) Personal Contributions - The weekly detailed summary of Personal Contributions received from the Cash Receipts Section is forwarded to the Filter and Control Section and recorded by them in the Control Register, which is summarized as to the nature of the receipt, i. e., Annuity Savings Fund, loans, arrears, etc. It is then forwarded to the Machine Section for processing and verification.
- (g) Shortages - The paid statements of shortages are received from the Receipts Section and are entered in the Control Register. They are then forwarded to the Machine Section for processing and verification.

ACCOUNTING

- (h) Rebates and Overages - Duplicate statements of overages and copies of rebate authorizations are received from the Administrative Bureau and are entered in the Control Register. These are forwarded to the Machine Section for the preparation of a tabulation prior to the issuance of checks. After verification by Filter and Control, the checks are issued and a disbursement register is prepared by the Machine Section. The disbursement register is compared with the Control Register prior to the forwarding of the checks to the Disbursement Section.

- (i) Loans - Copies of Loan Applications received by the Filter and Control Section from the Loan Section are counted and batched. The Annuity Savings Fund balances of the borrowers are summarized and the total entered in the Control Register together with the batch number, and the number of loans. The applications are then sent to the Machine Section which prepares a tabulation of the foregoing items. After verification, the Machine Section computes the loan schedules, issues the checks and prepares the loan disbursement register. The total number of checks issued is compared with the total number of applications in the batch and verified. Totals of the cash disbursed, interest charged, and amount of loans are recorded in the Control Register. The loan register and the checks are then forwarded to the Cash Disbursement Section.

- (j) Withdrawals and Death Claims - Data relative to death claims and withdrawals is received from the Claims Section in a batch form and recorded in a Control Register. The data is then forwarded to the Machine Section for tabulation. Upon verification, the checks and disbursement register are prepared by the Machine Section. These are compared with the Control Register and then forwarded to Cash Disbursements.

ACCOUNTING

(k) Retirements - The retirement register is received from the Retirement Section and the sequence of retirement numbers, the totals of the Annuity Savings Fund, and the accumulative interest are recorded in the Control Register. The retirement register is then forwarded to the Machine Section for the computation of the reserve transfers. A tabulation is prepared listing the Annuity Savings Fund, accumulative interest and the reserve transfers and the first two items are compared with the Control Register. After verification, the tabulation is forwarded to the Bookkeeping Section for journalizing.

84.5 QUARTERLY AND WEEKLY LOGS - Each administrative bureau is furnished with a quarterly run of the most current statement of members' accounts. However, weekly runs are also prepared and updated in order to supply intermediate information concerning each change in the accounts. All such changes initiated by the administrative bureaus are forwarded to the Filter and Control Section and later to the Machine Section for processing in order to make these weekly logs available to all bureaus.

84.6 LEDGER CARDS - The active ledger cards of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, the Police and Firemen's Retirement System and the State Police Retirement System are maintained in a revolving file for use by the Machine Section during the accounting period. However, these cards are also available to the administrative bureaus which receive copies upon request.



BOOKKEEPING

85.1 THE BOOKKEEPING SECTION - This section is under the direction of the Chief Accountant and is responsible for maintaining the general and subsidiary ledgers of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, the State Agency for Social Security, and the Health Benefits Fund.

85.2 GENERAL LEDGER ACCOUNTS, BANK AND INVESTMENT ACCOUNTS - The major bank accounts maintained by the retirement systems are termed either general or investment accounts. All deposits and disbursements other than for investment purchases are made via the general accounts. Periodic transfers of cash are made to the investment account for purchase transactions.

The following accounts are maintained for the control and recording of investments: Investments (par value), FHA Mortgages, Capehart Mortgages, Veterans Administration Mortgages, Real Estate investments, and Stocks. These accounts are maintained at par value with the exception of the stocks. Discount and Premium accounts are maintained to compensate for purchases at other than par. Sub-accounts are maintained for mortgage installments, mortgage insurance, etc.

The income from investments is credited to the Income from Investments account; adjustments are made for accrued interest on purchases, for amortizations of premium and accrual of discounts.

Gains or losses on the sale of investments are charged or credited to a Special Reserve account which is maintained at 1% of the book value of the investments.

85.3 GENERAL LEDGER ACCOUNTS, MEMBERS' CONTRIBUTIONS - Four percent and three percent interest bearing accounts are maintained for the maintenance of the Annuity Savings Funds of the retirement systems, the funds which reflect the contributions of the members of the systems with interest to June 30, 1954 in the Public Employees' Retirement System and with interest to June 30, 1955 in the Teachers' Pension and Annuity Fund. Interest credited on such contributions since these respective dates are placed in Accumulative Interest sub-accounts. Four percent

BOOKKEEPING

interest is maintained for those employees who became members prior to July 1, 1946 in the Teachers' Pension and Annuity Fund and July 1, 1949 in the Public Employees' Retirement System; three percent is maintained for all employees who became members after these respective dates.

85.4 GENERAL LEDGER ACCOUNTS, EMPLOYERS' CONTRIBUTIONS -

Four percent and three percent interest bearing accounts are maintained for the crediting of employer contributions and in the case of the Public Employees' Retirement System these accounts and those of other funds are distinguished between those pertaining to the State as well as those pertaining to all other participating public employers. These accounts are named the Contingent Reserve Funds of the retirement systems.

A special account is maintained for the Public Employees' Retirement System which is credited with proportionate administrative expense payments made by participating employers in order to reimburse the State for its advance payment of expenses attributable to members of these employers.

85.5 GENERAL LEDGER ACCOUNTS, RETIREMENT RESERVES -

Four percent and three percent interest bearing accounts are maintained for the reserves transferred from the Annuity Savings Fund and the Contingent Reserve Funds for the purpose of paying retirement benefits. In the Teachers' Pension and Annuity Fund a pension fund has been established for members who enrolled prior to 1919 or who taught prior to 1919 but who came into the Teachers' Fund at a later date. Any payments on the basis of contributions to the former Teachers' Retirement Fund are also made from this account.

85.6 GENERAL LEDGER ACCOUNTS, INCREASED PENSIONS -

Under the terms of the Pension Increase Act, Chapter 143 of the Laws of 1958, as amended by Chapter 144 of the Laws of 1961 and Chapter 198 of the Laws of 1964, retirants prior to 1955 may receive increased allowances. The funds required for these increased allowances are provided by the State and participating employers who make deposits into a special fund for this purpose. Amounts required each month by the retirement systems are transferred from this special fund and are credited to a "Pension Increase Account." The monthly disbursement is charged to this account.

BOOKKEEPING

- 85.7 GENERAL LEDGER ACCOUNTS, INSURANCE FUNDS - As the State Treasurer is the policyholder for the noncontributory insurance programs of the respective systems, group insurance premium funds have been established by the State for the payment of the premium by the State and the collection from participating employers which will reimburse the State to the extent that the policy covers members of these employers.

As the Boards of Trustees are the policyholders for the contributory insurance programs, contributory group insurance premium funds have been established with which to credit the payments made by members and charge premium payments made to the carrier.

Additional sub-accounts are maintained for the payment of monthly death benefits to beneficiaries where such payments were designated by the member rather than a lump sum settlement.

- 85.8 GENERAL LEDGER ACCOUNTS, CLEARING ACCOUNT - All member contributions remitted by employers, including the State Centralized Payroll System, are entered in this account and are not distributed to the proper Annuity Savings Funds until the quarterly wage reports have been audited and a basis for the distribution is determined. Variances allowed by the Accounting Bureau are debited and credited to a special account in order to clear any particular wage report.

- 85.9 GENERAL LEDGER ACCOUNTS, PENSION PAYROLL - Accounts are maintained to reflect the regular monthly and increased pension payrolls of both systems. These are established as liabilities at the end of any month. Such liabilities are paid on the first of the following month. Group hospitalization and medical-surgical insurance premiums are also included and are paid in the subsequent month.

BOOKKEEPING

- 86.1 GENERAL LEDGER ACCOUNTS, UNCLAIMED ACCOUNTS -
There are two types of unclaimed accounts involving active and retired members. The former involves a transfer of members' contributions plus interest for those who have resigned but who have not claimed their contributions. Subsequent disbursements would be made from this account. Generally, transfers to this account do not take place until two years after the last contribution.

There are also unclaimed pension accounts including amounts to be claimed by beneficiaries of deceased retirants and beneficiaries involving both regular and increased pensions.

These unclaimed accounts are advertised periodically.

- 86.2 GENERAL LEDGER ACCOUNTS, MISCELLANEOUS ACCOUNTS -
Interest on loans to members is credited to an Unearned Interest account. Adjustments resulting from the revision or prepayment of loans are cleared through this account and interest earned is closed into the Income account at the end of the fiscal year.

In the case of withdrawal, interest may be withheld and such interest is credited to an Adjusted Interest on Withdrawals account which is closed into Income at the end of the fiscal year.

Checks on which the payments have been stopped are credited to a Cancelled Check account and subsequent settlements are charged to it.

The Supplemental Annuity Collective Trust account is credited with all receipts from members for this program. Whenever the balance exceeds \$5,000, transfers are made from this account to the Supplemental Annuity Collective Trust. Any balance remaining at the end of the month is transferred by the tenth of the following month.

Real estate investments are in buildings for the use of State agencies. Invoices submitted by vendors are first approved by the Division of Purchase and Property of the State Treasury Department and then forwarded to the retirement system for payment. These payments are charged to separate Advance accounts for each project. When the project is completed, the Advance account is closed out and transferred to the Investment in Real Estate account. Interest on the advance is included in the transfer.

BOOKKEEPING

86.3 THE BOOKKEEPING OPERATION, MANUAL AND MACHINE - With the exception of the use of a bookkeeping machine for maintenance of individual accounts of employers' contributions to the Pension Increase Fund, the work of the Bookkeeping Section is done manually.

86.4 BOOKKEEPING, MACHINE - The detailed records of the Pension Increase Fund are maintained in the Bookkeeping Section by the operators of a bookkeeping machine. Former employers of all retirants who receive benefits from the Pension Increase Fund are billed annually, in advance, for the anticipated additional benefits to be paid. The State is billed for the additional benefits paid to the following retirants:

- (a) State employees who were members of the Public Employees' Retirement System;
- (b) Teachers' Pension and Annuity Fund;
- (c) State Police Retirement System;
- (d) Central Pension Fund;
- (e) One-third of the cost attributed to the Consolidated Police and Firemen's Pension Fund.

Local employers of the Public Employees' Retirement System, Police and Firemen's Retirement System, and the Consolidated Police and Firemen's Pension Fund (two-thirds of cost) are billed for the additional benefits paid to their former employees. A separate account is maintained for each employer, for each system, and for the State. These accounts are credited for the amount received from each employer and are charged monthly with the payments made to the retirants. Annually, an accounting is made to each employer in each system and credit for any unexpended amounts is applied against the next year's bill or a refund is made if required.

BOOKKEEPING

86.5 BOOKKEEPING, MANUAL - The bookkeepers are concerned with the entering of receipts, disbursements, stop payment checks, journals, etc., and with the proper control of these items. Such items include the following:

- (a) Daily receipts from employers for payroll deductions are controlled by the Machine Section which prepares a tabulation of the receipts. This tabulation is checked with the deposit and a copy given to the Bookkeeping Section. At the end of the month the Machine Section prepares a register of these receipts, the total of which is proved by the Bookkeeping Section against the daily tabulations.

Receipts for other items deposited are sent by the Receipt Section to the bookkeeper. These are totaled and compared with the amount deposited prior to entry in numerical sequence in the Cash Receipts Journal.

Such receipts include miscellaneous payments such as from members on leave of absence for both pension and contributory insurance purposes, lump sum payments for a loan obligation or a prior service purchase, the redeposit of pension checks, unclaimed pensions, appropriations paid by the State and other participating employers, interest on investments and other investment transactions, etc.

- (b) Checks other than those prepared and tabulated by the Machine Section are recorded in the manual Cash Disbursements Journal. These disbursements include all investment purchases, transfers between accounts, monthly payments of insurance premiums, transfers of funds to the Supplemental Annuity Collective Trust, etc.
- (c) Copies of the daily tabulations of disbursements made by the Machine Section, after verification, are sent to the Bookkeeping Section. At the end of the month a complete monthly register of the machine disbursements is sent to the Bookkeeping Section for posting to the General Ledger.

BOOKKEEPING

(d) Normally, each day, the Disbursements Section will prepare a work sheet for use in obtaining current bank balance figures indicating all data regarding disbursements. The bookkeepers, in turn, will verify the certified bank deposit slips, complete the work sheet and prepare the daily statement of the bank balances to be distributed to the Cash Control Section of the State Treasury Department, the Division of Investments, the Receipts and Disbursements Section and the offices of the secretaries of the respective systems.

86.6 BOOKKEEPING, SPECIAL HANDLING - There are a number of accounts which require special handling by the manual bookkeeper.

The first is the unclaimed pension account where a card is prepared showing all data regarding the check plus the date and reason for the redeposit. If payment is stopped on the check, an entry is made to void the original entry on the retirement register. A book of these items is maintained for control purposes and at the end of each month entries are made on the cards and in the control book to indicate all settlements; journal entries for the general ledger are prepared indicating the difference between the original check and the settlement and a list of such outstanding unclaimed pensions are distributed to the administrative bureaus.

Similar handling involves the unclaimed accounts for inactive members as well as the canceled check accounts.

Special handling is required in the case of investment receipts in that such receipts are collected directly by the bank and deposited to the accounts of the retirement systems. Upon receipt of the deposit slips from the bank, entries are required in the cash receipts journal.

All bank accounts are reconciled monthly. A list of all outstanding checks is made available giving all pertinent information. In the case of retirement checks, a form letter is written for any that have been outstanding from 30 to 60 days in that checks are not normally honored by banks if they are more than 90 days old. A similar listing is prepared of outstanding checks other than those which are retirement checks.

BOOKKEEPING

- 86.7 GENERAL LEDGER BOOKKEEPING - The Bookkeeping Section is responsible for maintaining the general ledgers of the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System, the State Agency for Social Security and the Health Benefits Fund.

At the end of the month totals are posted from the machine prepared registers and the general cash receipts and disbursements journals. The subsidiary ledgers must agree with all general ledgers maintained by the bookkeepers. Journals prepared by the administrative bureaus which do not affect the accounting records maintained by the Machine Section, are entered in the general ledgers. Journals affecting the accounting records maintained by the Machine Section are supplied to the Filter and Control Section so that at the end of the month, one journal encompassing all journals from administrative bureaus which would affect the Annuity Savings Fund, is prepared by the Filter and Control Section and given to the Bookkeeping Section for entry into the general ledgers.

The Annuity Savings Fund and accumulative interest to be transferred to the Retirement Reserve Fund is maintained in a register by the Retirement Bureau. The additional amount required from the Contingent Reserve Fund to complete the transfer to the Retirement Reserve Fund is computed by the Machine Section. The journal entry for the total to be transferred is prepared from the foregoing data for posting to the General Ledger.

- 86.8 GENERAL LEDGER BOOKKEEPING, CHECKS - As the Bookkeeping Section controls the maintenance of bank balances, all stop payment notices on checks are issued by this section. Replacement checks are issued by the Disbursements Section upon authorization. Outstanding checks which are more than 6 months old are automatically canceled by stop payment notices and the payee is notified as well as the bureau authorizing the check. In some cases a field representative will be requested to aid in clearing the credit in the canceled check account.

BOOKKEEPING

- 86.9 GENERAL LEDGER BOOKKEEPING, MONTHLY STATEMENTS -
A statement of receipts and disbursements for the month is prepared as well as a statement of disbursements excluding investment transactions, showing the number of claims settled and the amount of claims by type. Copies of the trial balance and the statements of receipts and disbursements are supplied to the secretaries of the respective systems in time for the meetings of the Boards of Trustees.

A statement of current assets is also prepared monthly and forwarded by the Director to the State Treasury Department. A monthly statement of interest income and the general ledger balance of this account is sent to the Investment Division of the State Treasury Department.

BOOKKEEPING

87.1 GENERAL LEDGER BOOKKEEPING, ANNUAL REPORTS - At the end of the fiscal year the Income Account is distributed to the regular interest bearing accounts, Special Reserve Account and the Contingent Reserve Funds. The books are then closed and the annual report is prepared. This report contains:

- (a) Trial Balance as of June 30th.
- (b) Statement of Receipts and Disbursements.
- (c) Statement of Income and Disbursements.
- (d) List of Reserves transferred from the Contingent Reserve Fund, the Annuity Savings Fund, the Accumulative Interest Account and other accounts to the Retirement Reserve Fund and the Insurance Retirement Reserve Fund.
- (e) Statement of Assets and Distribution of Assets.
- (f) Analysis of the Income from Investments Account.
- (g) June 30th Bank Reconciliations and Schedules of Subsidiary Accounts.
- (h) Statement of settled insurance claims.

Work sheets for the annual report are retained for examination by the State Department of Banking and Insurance and audit by the State Auditors Department.

87.2 EMPLOYER APPROPRIATIONS, PUBLIC EMPLOYEES' RETIREMENT SYSTEM - As of March 31st of each year the Bookkeeping Section furnishes financial information of operations for the first 9 months of the fiscal year while actuarial data is supplied by the Machine Section to the actuary for the preparation of the annual appropriations.

Annually, the actuary furnishes the appropriation amount to be paid by the State and an invoice is prepared and paid in one amount on July 1 of each year. The actuary also furnishes a tabulating run of appropriations payable by other participating employers. Invoices are prepared by the bookkeeping section and forwarded to the various employers. The appropriations are recorded in a memorandum account and as payments are received the monies are credited to the Contingent Reserve Fund. Non-contributory group insurance and administrative expense payments are also received and credited to the related funds. The appropriation receivables are established in memorandum form and balanced at the end of each month.

BOOKKEEPING

The appropriations cover membership service liability, prior service liability, noncontributory group insurance, administrative expense and such other liabilities as may be imposed by law. All inquiries from employers regarding their appropriations should be directed to the Chief Accountant of the Division of Pensions. Follow-up letters on unpaid appropriations are prepared by the Bookkeeping Section in order that all appropriations be paid promptly each year.

- 87.3 EMPLOYER APPROPRIATIONS, TEACHERS' PENSION AND ANNUITY FUND - Annually, the actuary furnishes the normal appropriation amount to be paid by the State and the prior service liabilities for veteran members to be paid by the State and employing school districts. This latter liability was scheduled for amortization over a 30 year period. The appropriation amounts per district are certified to the Commissioner of Education who pays the total amount due to the Fund and charges each district for its share against its State Aid appropriation.
- 87.4 STATE AGENCY FOR SOCIAL SECURITY - The bookkeeping for the Social Security Agency concerns mainly the receipt of Social Security taxes received from the State and the covered local employer groups throughout the State and the disbursement of these taxes to the Federal government. A fee is charged to the local employers for this service. These fees are then remitted to the State as a reimbursement for such expense.
- 87.5 HEALTH BENEFITS FUND - The bookkeeping for the Health Benefits Fund consists primarily of the recording of premiums received from the State and local employers for the hospitalization and major medical benefits of covered members, both active and retired. The following accounts are maintained: Cash Account, Advance Premiums Received, Premiums Payable Hospitalization, Premiums Payable Major Medical, and Administrative Fees. The advance premiums received account and the premiums payable accounts are classified as to dependent and employers' liability.

BOOKKEEPING

- 88.1 GENERAL LEDGER BOOKKEEPING, PENSION INCREASE FUND - In addition to the detailed machine bookkeeping records of employers' accounts, a complete set of general books is maintained for this Fund. Cash receipts, cash disbursements and general journals are posted to a general ledger maintained for this program. A separate bank account is also maintained.

Receipts consist of amounts received from local employers and the State to provide the funds for the additional benefits payable to retirants and refunds due to the non-payment of benefits as a result of the death of retirants.

Checks are issued monthly to the various retirement systems for the total amounts required for the increased allowances payable by those systems. Overpayments received from employers are disbursed from this account and the fees collected from local employers are paid to the State Treasury.

Monthly statements of Receipts and Disbursements and a Balance Sheet are prepared.

- 88.2 GENERAL LEDGER BOOKKEEPING, SUPPLEMENTAL ANNUITY COLLECTIVE TRUST - In addition to the detailed individual accounts maintained for participants in the program by the Computer-Tabulating Section, a complete set of general books is maintained for the Trust. Cash receipts, cash disbursements and general journals are posted to a general ledger. Detailed investment records for each security and a separate bank account are also maintained.

Control accounts of participants' contributions and annuity units are maintained in the General Ledger.

BOOKKEEPING

Receipts for the tax-sheltered program are deposited directly in the Trust's bank account by the Division's Receipts Section which forwards an advice and duplicate deposit slip to the Trust. Receipts from participants in the regular program are sent by employers to the retirement system of which the participant is a member. The retirement system, in turn, forwards these receipts to the Trust in amounts of not less than \$5,000, except at the end of the month when any remaining balance is sent. Receipts from investments and investment income, dividends and interest, are sent directly to the Trust.

Disbursements are made directly by the Trust and consist generally of payments to participants on withdrawal or retirement and for investments.

Monthly statements consisting of a Balance Sheet, Statement of Cash Receipts and Disbursements, Statement of Profit and Loss, a Comparative Statement of Investments at Market and Book Value, Statement of Investment Transactions and a Schedule of Comparative Unit Values are prepared and submitted to the Council.

- 88.3 GENERAL LEDGER BOOKKEEPING, CENTRAL PENSION AND JUDICIAL PENSION FUNDS - No formal general accounts are maintained for these Funds. Transactions of the Funds are handled via an appropriation account maintained by the Division of Budget and Accounting. Retirement allowances paid are charged in the aggregate to the appropriate accounts maintained in the Bureau of Accounting.

A record of the amounts charged to the appropriation account is maintained in this Division for control purposes.

BOOKKEEPING

89.1 THE INTERNAL AUDITOR - This unit is under the direction of the Chief Accountant and is responsible for the audit of specific areas and for the performance of special projects as assigned. Some of the specific areas are detailed below.

89.2 RETIREMENTS - The audit of retirements may be divided into several categories, the primary one being an audit of the retirement statistical information for the major retirement systems; this data is forwarded in tabulating card form to the actuary for actuarial purposes.

In this work the Internal Auditor will assign programs to clerical personnel which involve sight audit of discrepancies or variances. The retirement statistical information is examined to determine the relevancy of data in particular items; specific attention is given to the addition of new retirants and beneficiaries so that the valuation material will be updated properly. All additions and terminations to the retirement register are currently received and are inspected for accuracy.

This audit of our retirement statistical file is also important in determining the data which is processed to the insurance carrier in that we must insure a complete and accurate report of those retirants covered by the insurance program.

89.3 PENSION PAYROLLS - Additions, deletions and adjustments to retirement allowances are checked with source records. Signature cards for each system are reviewed against the endorsements on the canceled pension checks. All variances are itemized and lead to correspondence with the retirants or beneficiaries involved.

89.4 ANNUITY SAVINGS FUND, LOAN BALANCES, ARREARS AND BACK DEDUCTIONS - The Annuity Savings Fund, Loans Receivable, Arrears and Back Deductions are reconciled quarterly. The result of such reconciliation is to establish that all entries made during any quarter have been processed correctly. A tabulating log is reconciled to the general ledger balances at the end of the same quarter.

BOOKKEEPING

89.5 OTHER FUNCTIONS - The Internal Auditor may be assigned to enter into special projects in any area of the operations of the Division. For example, he may be requested to research the problems of differences in the administration of particular programs as between the several pension funds with the expectation that such research and study will lead to the elimination of such differences or their specific identification.

The Internal Auditor may also be assigned programs which will help in the accumulation of year-end material resulting in reconciliations to accounts which are budgetary in nature such as the Social Security appropriation accounts, etc.

GENERAL LEGISLATION

- 90.1 AGE AS A BAR TO ELIGIBILITY FOR PENSION FUND-N. J. R. S. 43:1-1 provides that any person age 40 or over who accepts public employment, shall not be eligible to join any pension fund maintained by the state or any county or municipality with the following exceptions: the Public Employees' Retirement System, Teachers' Pension and Annuity Fund, the Municipal Employees' Pension Fund of the City of Newark and the County Funds maintained for Essex and Hudson County employees.

The statute includes a special provision for persons who entered the armed forces of the United States after July 1, 1940 but during time of war. In determining whether such person is within the maximum age limits prescribed by a pension fund, the period of such military service should be deducted from the persons actual age. If such reduced age is below the maximum age specified by the statute at the time of the person's entry into active military service, such person is deemed to be below the maximum age limit prescribed.

- 90.2 PENSION PAYMENTS DURING CONFINEMENT IN PENAL INSTITUTIONS-N. J. R. S. 43:1-2 prohibits the payment of a pension by the state or any municipality or school district to any person for the period during which he is confined in a penal institution as a result of a conviction of a crime involving moral turpitude. Moreover, such a person will lose all rights to such a pension which he might have received had he not been so confined. However, this does not prevent the payment of the pension for the sole benefit of parents, wives or minor children if the pension fund determines that the pension is necessary for their maintenance.
- 90.3 TRANSFERS BETWEEN RETIREMENT SYSTEMS-N. J. R. S. 43:2-1 provides that any member of a contributory pension fund operated wholly or partly by the state, may transfer his membership to another retirement system if there is a change in his position which would prohibit his continued membership in the first pension fund.

The member must notify the administrative head of the pension fund from which he is transferring of his intention to enter the other retirement system. Upon entry into the other system he shall receive credit for the same periods of service as had been credited in the previous fund. He shall be required, however, to deposit in the second retirement system the total amount of his contributions withdrawn from the first fund in order to have the service credits transferred.

- 90.4 TRANSFERS FOR MEMBERS OF THE TEACHERS' PENSION AND ANNUITY FUND-N. J. R. S. 43:2-4 provides that any employee of any school district who was or is a member of the Teachers' Pension and Annuity Fund, and who takes a position in the service of any municipality or county which has not adopted the Public Employees' Retirement System, shall be entitled to membership in the pension fund of the said municipality or county. However, the employee must

GENERAL LEGISLATION

notify the Secretary of the Teachers' Pension and Annuity Fund of his intention to transfer his membership so that his service credit and his monies can be transferred to the second retirement system.

GENERAL LEGISLATION

- 90.5 PENSIONERS IN PUBLIC EMPLOYMENT - N.J.R.S. 43:3-1 provides that any person who is receiving or who shall be entitled to receive any pension from this or any other state or any county, municipality, or school district of this or any other state, shall be ineligible to hold any public position, other than an elective, unless he shall have first notified the agency paying his pension that, for the duration of his office, he elects to receive either his pension or his salary in the new position.

Chapter 101, P.L. 1959, provides that pensioners in public employment may receive the annuity portion of their retirement allowance while waiving the pension, that portion of the allowance derived from employer contributions.

The courts have held that the suspension of pension payments during the pensioner's term of public office was not unconstitutional as impairing an obligation of contract or interfering with vested rights in violation of the State Constitution.

- 90.6 EXCEPTIONS TO THE APPLICATION OF N.J.R.S. 43:3-1-as indicated above, elected officials are not subject to the provisions of the act. Moreover, anyone entitled or who may be entitled to receive any widow's pension, may receive both the pension and her salary from public employment. There are other specific exceptions such as temporary employees appointed by the courts, certain court criers, certain magistrates, certain former municipal managers, or any person who has received a permanent disability in the performance of his duty while serving in the armed forces, the state police and in the police or fire department of any county or municipality.

Chapter 102, P.L. 1959, (N.J.R.S. 43:3-1.1) also permits pensioners in the employ of any city of the first class having a population in excess of 400,000 to be excluded from the application of N.J.R.S. 43:3-1.

- 90.7 PART-TIME EXCEPTION TO THE APPLICATION OF N.J.R.S. 43:3-1-another important exception provided by N.J.R.S. 43:3-5 is with respect to the employment for the state or for any county, municipality or school district in any position, the duties of which do not require the employee to devote his full time, at a salary of not more than \$1,800 per calendar year.

A specific exception is provided in the act for any person who retires under the Free Veterans Act and who receives not more than \$1,200 in any calendar year while employed as a substitute teacher in any public educational institution.

GENERAL LEGISLATION

- 90.8 PENSIONER'S NOTICE OF PUBLIC EMPLOYMENT - N.J.R.S. 43:3-5.2 prescribes that in order to qualify for the continued receipt of a pension the pensioner, who accepts employment by the state or by any county, municipality or school district in any position, the duties of which do not require him to devote his full time, shall, within 30 days of entering public employment, file with the pension fund a notice that he is employed by a governmental agency, the name and address of such agency, his salary and any other information required by the retirement system.
- 90.9 ENFORCEMENT - N.J.R.S. 43:3-3 provides that the State Civil Service Commission and the governing body of the counties and municipalities providing employment for pensioners, shall, by resolution, provide for the vacation of any position so held unless the pensioner shall have authorized the suspension of his pension in accordance with the provisions of the act. The Commission and the governing bodies are charged with the enforcement of the act. Moreover, N.J.R.S. 43:3-4 provides that any officer of these agencies or any other person who violates any provision of this act shall be guilty of a misdemeanor.

GENERAL LEGISLATION

- 91.1 **PRESUMED ACCIDENTAL DEATH IN PERFORMANCE OF DUTIES-N. J. R. S. 43:3A-1** provides that any person in the employment of the state who is a member of a retirement system to which the state contributes, who has been absent from his last known residence for a period not less than 2 months, under circumstances indicating that he died by reason of an accident which occurred in the actual performance of his duties so that said duty was the natural and proximate cause of his presumed death, and as such death would entitle his dependents to a pension if he were actually dead, and if the head of his department is satisfied that he may reasonably be presumed to have died, such department head will issue a certificate of the presumed death.

The Board of Trustees of any retirement system shall thereupon make payment of any pension which would have been payable to the dependents of the deceased. The act discharges the Board from any liability for these payments if the employee is proved to have been alive at the time of the payment.

- 91.2 **WAIVER OF PORTION OF PENSION-N. J. R. S. 43:4-7** provides that any pensioner may, upon written request, waive payment of a portion of any pension to which he is entitled. The portion of the pension which has been waived cannot subsequently be paid to the pensioner. However, the waiver may be revoked at any time with respect to payments accruing after the revocation.
- 91.3 **TIME OFF WITH PAY TO ATTEND MEETINGS-N. J. R. S. 43:4A-1** provides that any person who is an elected member of the Board of Trustees or Commissions of the Public Employees' Retirement System, Teachers' Pension and Annuity Fund, Police and Firemen's Retirement System, Consolidated Police and Firemen's Pension Fund and the Prison Officers' Pension Fund, is entitled to time off from his public duties, without loss of pay, during the periods of his attendance at regular or special meetings of the Board of Trustees or its appointed committees, and such time off shall include reasonable travel time.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.1 INTRODUCTION - About 194,000 public employees in New Jersey are members of contributory pension funds. Of these, 187,000 belong to State-administered systems, including the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund, the Police and Firemen's Retirement System, the Consolidated Police and Firemen's Pension Fund, the Prison Officers' Pension Fund and the State Police Retirement System.

Of these six State-administered contributory systems, two are closed to new memberships: the Consolidated Police and Firemen's Pension Fund and the Prison Officers' Pension Fund.

Given below is a chart of statistical information concerning the State-administered contributory systems.

There also is a chart comparing the major provisions of the contributory systems. The benefits shown are available to new employees entering the systems. Unless otherwise indicated, final average salary means the average salary for the last five years.

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CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.2 STATISTICAL CHART

	Public Employees' Retirement System	Teachers' Pension And Annuity Fund	Prison Officers' Pension Fund	Police and Firemen's Retirement System	Consolidated Police and Firemen's Pension Fund	State Police Retirement System
Members 12/31/65	71,146	80,914	399	15,006	2,408	1,095
Assets 12/31/65	\$322,728,382	\$660,743,909	\$255,750	\$154,981,588	\$65,188,700	\$7,145,441
Pensioners 12/31/65	10,481	12,745	195	400	8,523	291
Annual Pensions 12/31/65	\$ 17,521,908	\$ 37,379,470	\$402,867	\$ 924,046	\$16,470,303	\$1,123,637
State Contributions 1966	\$ 13,268,341	\$ 55,352,320	\$391,000	\$ --	\$ 5,310,814	\$4,098,933
Other Employer Contributions 1966	\$ 17,227,271	\$ 2,373,413	\$ --	\$ 10,733,527	\$ 9,395,476	\$ --

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.3 BENEFIT CHART (a)

SYSTEMS	STATUTORY AUTHORITY	SERVICE RETIREMENT AGE	MANDATORY RETIREMENT AGE
Public Employees' Retirement System (non-law enforcement officers)	N. J. R. S. 43:15A	60	70
Public Employees' Retirement System (law enforcement officers)	N. J. R. S. 43:15A	55	65
Teachers' Pension and Annuity Fund	N. J. R. S. 18:13-112	60	71
Consolidated Police and Firemen's Pension Fund	N. J. R. S. 43:16	active members-51 employee " -60	active members- 65 after 25 years employee members- 70 after 25 years
Police and Firemen's Retirement System	N. J. R. S. 43:16A	55	65
Prison Officers' Pension Fund	N. J. R. S. 43:7	55	None
State Police Retirement System	N. J. R. S. 53:5A	enrolled before 7/1/65 - 50 enrolled after 6/30/65 - 55	enrolled before 7/1/65 - 55 after 25 years enrolled after 6/30/65 - 65

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

SERVICE
RETIREMENT ALLOWANCE

92.3 BENEFIT CHART (b)

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(NON-LAW ENFORCEMENT OFFICERS) -

Annual allowance of $1/60$ (Class B) or $1/70$ (Class A)
X final average salary (any five fiscal years) X years
of service.

Vesting permitted after 15 years, payable at age 60.

Early retirement permitted after 25 years, but allow-
ance decreased $1/2\%$ for each month under age 60.

Special veteran's retirement on annual allowance equal
to one-half of final salary after 20 years at age 60 (age 62
if membership began after January 2, 1955).

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(LAW ENFORCEMENT OFFICERS) -

After 20 years service as law enforcement officer, annual
allowance of 2% X final average salary (any five fiscal years)
X years of service up to 25 as law enforcement officer, plus
 $1\ 2/3\%$ X such salary X years of service as non-law enforce-
ment officer, plus 1% X such salary X years of service over
25 as law enforcement officer.

Vesting permitted after 15 years, payable at age 60.

Special veteran's retirement on annual allowance equal to
one-half of final salary after 20 years at age 60 (age 62 if
membership began after January 2, 1955).

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

SERVICE
RETIREMENT ALLOWANCE

92.3 BENEFIT CHART (b) continued

TEACHERS' PENSION AND ANNUITY FUND -

Annual allowance of $1/60$ (Class B) or $1/70$ (Class A)
 X final average salary (any five fiscal years) X years
of service.

Vesting permitted after 15 years, payable at age 60.

Early retirement permitted after 25 years, but allow-
ance decreased $1/2\%$ for each month under age 60.

Special veteran's retirement on annual allowance equal
to one-half of final salary after 20 years at age 60 (age 62
if membership began after January 2, 1955).

Retirement permitted at any age after 35 years if member
in school service before September, 1919 and joined Fund
before 1925.

CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND -

After 25 years service, annual pension of one-half of final
average salary (average of last 3 years) plus 1% of final
average salary for each year of service over 25 prior to
attainment of age 65.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

SERVICE
RETIREMENT ALLOWANCE

92.3 BENEFIT CHART (b) continued

POLICE AND FIREMEN'S RETIREMENT SYSTEM -

After 25 years service, annual allowance of 2% X final average salary X years of service up to 25 plus 1% X such salary X years of service over 25 or, if greater, annual allowance of 1/60 X final average salary X years of service.

Vesting permitted after 25 years, payable at age 55.

Early retirement permitted after 25 years, but allowance actuarially reduced for each month under age 55.

PRISON OFFICERS' PENSION FUND -

After 20 years service, annual pension of one-half of salary at time of retirement.

STATE POLICE RETIREMENT SYSTEM -

Enrolled before 7/1/65--After 20 years service as a State policeman, annual allowance of one-half of final compensation (salary plus maintenance in final year) plus 1% of final compensation for each year of service over 25.

Enrolled after 6/30/65--Annual allowance of 2% X final compensation (salary plus maintenance in final year) X years of service up to 25 plus 1% X final compensation X years of service over 25.

Vesting permitted after 25 years, payable at age 55.

Early retirement permitted after 25 years, but allowance actuarially reduced for each month under age 55.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.3 BENEFIT CHART (c)

SYSTEM	NON-SERVICE CONNECTED DISABILITY	SERVICE CONNECTED DISABILITY
Public Employees' Retirement System (non-law enforcement officers)	Under age 60, after 10 years service, annual allowance of $1\frac{1}{2}\%$ X final average salary X years of service (minimum of 40% X final average salary; maximum of 9/10 X service retirement allowance).	Under age 65, annual pension of 2/3 salary at time of accident plus annuity based on contributions.
Public Employees' Retirement System (law enforcement officers)	Under age 60, after 5 years service, annual allowance of $1\frac{1}{2}\%$ X final average salary X years of service (minimum of 40% X final average salary; maximum of 9/10 X service retirement allowance).	Under age 65, annual pension of 2/3 salary at time of accident plus annuity based on contributions.
Teachers' Pension and Annuity Fund	Under age 60, after 10 years membership, annual allowance of $1\frac{1}{2}\%$ X final average salary (minimum of 40% X final average salary; maximum of 9/10 X service retirement allowance).	Under age 65, annual pension of 2/3 salary at time of accident plus annuity based on contributions.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.3 BENEFIT CHART (c) Continued

SYSTEM	NON-SERVICE CONNECTED DISABILITY	SERVICE CONNECTED DISABILITY
Consolidated Police and Firemen's Pension Fund	Annual pension of one-half of final average salary (average of last 3 years).	Annual pension of 2/3 of final average salary (average of last 3 years).
Police & Firemen's Retirement System	After 5 years membership, annual allowance of $1\frac{1}{2}\%$ X final average salary X years of service (minimum of 40% X final average salary).	Annual pension of 2/3 salary at time of accident plus annuity based on contributions.
Prison Officers' Pension Fund	None	Annual allowance of one-half of salary at time of retirement.
State Police Retirement System	After 4 years service, annual allowance of $1\frac{1}{2}\%$ X final year's salary and maintenance X years of service (minimum of 40% X final compensation).	Annual pension of 2/3 final year's salary and maintenance plus annuity based on contributions.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.3 BENEFIT CHART (d)

SYSTEM	NON-SERVICE CONNECTED DEATH BEFORE RETIREMENT	SERVICE CONNECTED DEATH BEFORE RETIREMENT
Public Employees' Retirement System (non-law enforcement officers)	$1\frac{1}{2}$ (3/16 if age 70) X last year's salary plus return of contributions; plus contributory insurance benefits, if purchased.	Return of member's contributions; annual pension of one-half of final average salary to widow or children under 18 or, if no widow or children under 18, $1\frac{1}{2}$ X last year's salary (minimum of $1\frac{1}{2}$ X last year's salary); plus contributory insurance benefits, if purchased.
Public Employees' Retirement System (law enforcement officers)	$1\frac{1}{2}$ (3/16 if age 70) X last year's salary plus return of contributions; plus contributory insurance benefits, if purchased.	Return of member's contributions; annual pension of one-half of final average salary to widow or children under 18 or, if no widow or children under 18, $1\frac{1}{2}$ X last year's salary (minimum of $1\frac{1}{2}$ X last year's salary); plus contributory insurance benefits, if purchased.
Teachers' Pension and Annuity Fund	$1\frac{1}{2}$ (3/16 if age 70) X last year's salary plus return of contributions; plus contributory insurance benefits, if purchased.	Return of member's contributions; annual pension of one-half of final average salary to widow or children under 18 or, if no widow or children under 18, $1\frac{1}{2}$ X last year's salary (minimum of $1\frac{1}{2}$ X last year's salary); plus contributory insurance benefits, if purchased.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.3 BENEFIT CHART (d) continued

SYSTEM	NON-SERVICE CONNECTED DEATH BEFORE RETIREMENT	SERVICE CONNECTED DEATH BEFORE RETIREMENT
Consolidated Police and Fire- men's Pension Fund	Annual pension of one-half of final average salary (average of the last 3 years) to widow and 2 children under 18; for fewer children or dependent parents a lesser annual pension (minimum of \$1,600 to widow).	Annual pension of one-half of final average salary (average of the last 3 years) to widow or 3 children under 18; for fewer children or dependent parents a lesser annual pension (minimum of \$1,600 to widow).
Police and Fire- men's Retirement System	$1\frac{1}{2}$ X last year's salary plus return of contributions; plus contributory insurance benefits, if purchased.	Return of member's contributions; annual pension of one-half of final average salary to widow or children under 18 or, if no widow or children under 18, $1\frac{1}{2}$ X last year's salary (minimum of $1\frac{1}{2}$ X last year's salary); plus contributory insurance benefits, if purchased.
Prison Officers' Pension Fund	After 5 years service, annual pension of 25% of one-half of final salary plus 5% of one-half of final salary for each additional year up to a maximum of \$1,000 to widow.	Annual pension of \$1,000 to widow, children under 16, or dependent parents.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.3 BENEFIT CHART (d) continued

SYSTEM	NON-SERVICE CONNECTED DEATH BEFORE RETIREMENT	SERVICE CONNECTED DEATH BEFORE RETIREMENT
State Police Retirement System	<p>Members enrolled before 7/1/65--annual pension of one-half last year's salary and maintenance to widow or 3 children under 18; for fewer children or dependent parents a lesser annual pension; plus $3\frac{1}{2}$ X last year's salary.</p> <p>Members enrolled after 6/30/65--annual pension of one-half of last year's salary and maintenance to widow and 2 children under 18; for fewer children or dependent parents a lesser annual pension; plus $3\frac{1}{2}$ X last year's salary.</p>	<p>Annual pension of one-half last year's salary and maintenance to widow or 3 children under 18; for fewer children or dependent parents a lesser annual pension; plus $3\frac{1}{2}$ X last year's salary.</p>

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.3 BENEFIT CHART (e)

SYSTEM	DEATH AFTER RETIREMENT	WITHDRAWAL	RATE OF CONTRIBUTION		
			Age	*Male	*Female
Public Employees' Retirement System (non-law enforcement officers)	3/16 X last year's salary plus any optional settlement specified by member at time of retirement.	Return of contributions. 2% interest upon termination after 3 years membership.	20	4.80	5.27
			25	4.91	5.51
			30	5.19	5.85
			35	5.59	6.30
			40	6.04	6.81
			45	6.55	7.39
			50	7.12	8.02
		55	7.84	8.83	
			Age	*Rate	
Public Employees' Retirement System (law enforcement officers)	3/16 X last year's salary plus any optional settlement specified by member at time of retirement.	Return of contributions. 2% interest upon termination after 3 years membership.	20	5.67	
			25	6.25	
			30	7.07	
			35	8.00	
			40	8.67	
			45	9.21	
			50	9.63	
		55	9.91		
			Age	*Male	*Female
Teachers' Pension and Annuity Fund	3/16 X last year's salary (3/8 if contributory insurance in effect at retirement) plus any optional settlement specified by member at time of retirement.	Return of contributions. 2% interest upon termination after 3 years membership.	20	4.80	5.27
			25	4.91	5.51
			30	5.19	5.85
			35	5.59	6.30
			40	6.40	6.81
			45	6.55	7.39
			50	7.12	8.02
		55	7.84	8.83	

*Includes Social Security contribution of 2% of \$6,600 of base salary.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.3 BENEFIT CHART (e) continued

SYSTEM	DEATH AFTER RETIREMENT	WITHDRAWAL	RATE OF CONTRIBUTION	
Consolidated Police and Firemen's Pension Fund	Annual pension of one-half final average salary (average of last 3 years) to widow and 2 children; lesser pension to fewer children (minimum of \$1,600 to widow).	None	6% of salary	
			Age	Rate
Police and Firemen's Retirement System	3/16 X last year's salary (plus contributory insurance benefits, if purchased). If retired for service connected disability, annual pension of \$1,500 to widow or children under 18.	Return of contributions upon termination of service.	20	5.73
			25	6.25
			30	6.88
			35	7.32
			40	7.74
			45	8.20
			50	8.55
			55	8.62
			Age	Rate
Prison Officers' Pension Fund	Annual pension of \$1,000 to widow, children under 16, or dependent parents if member continued to contribute to fund after retirement.	None	Under 36	4.00
			36	7.41
			40	7.74
			45	8.20
			Optional 4% pension deduction for death benefits after retirement.	

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.3 BENEFIT CHART (e) continued

SYSTEM	DEATH AFTER RETIREMENT	WITHDRAWAL	RATE OF CONTRIBUTION
State Polic Retirement System	<p>Enrolled before 7/1/65--annual pension of one- half final year's salary and main- tenance to widow or 3 children under 18; a lesser annual pension to fewer children; plus 1/4 X last year's salary.</p> <p>Enrolled after 6/30/65--annual pension of 50% final year's salary and maintenance to widow and 2 children; lesser pension to fewer children; plus 1/4 X last year's salary.</p>	<p>Return of con- tributions upon termination of service.</p>	<p>7% of salary</p>

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

92.4 PENSION INCREASE ACT - In 1956 a committee was appointed by the Governor to study the problem of inadequate pensions. The product of the recommendations of the committee became Chapter 143 of the Laws of 1958, known as the Pension Increase Act, to be found in N.J.R.S. 43:3B-1 et seq. The original act has been amended and supplemented by Chapter 144 of the Laws of 1961 and Chapter 198 of the Laws of 1964.

These acts provide increases in the retirement allowances of certain retired public employees. It applies only to retired members, not to beneficiaries, of the Public Employees' Retirement System, Teachers' Pension and Annuity Fund, Consolidated Police and Firemen's Pension Fund, Police and Firemen's Retirement System, Prison Officers' Pension Fund, State Police Retirement System and for persons retired under the Heath Act, Veterans' Retirement Act and Judicial Pension Act.

The laws apply only to persons who retired in the years through 1954, inclusive. Persons eligible for such increased allowances may waive their rights to the increase by filing a notice of waiver with the Division of Pensions. Pensioners who are not eligible to receive payments because they are engaged in public employment are also not eligible to receive such increased allowances.

The laws establish a percentage of increase applicable to the particular year of retirement. The full percentage of increase is payable if the retired employee had 25 years of service credit prior to retirement or was retired on a service connected disability. However, if the retired employee had less than 25 years of service credit or was not retired because of a service connected disability, the increase will be proportionately less. It will be in the same proportion to the increase provided under the law as the number of years of service is to 25. Moreover, the increase is applicable on only the first \$900 of annual allowance.

For example, a 1945 retirant, initially receiving \$2,500 annually based on 25 years of service, would be eligible for an annual increase of \$630, 70% of \$900. If he had but 20 years of service, the annual increase would be \$504, 70% of \$900 multiplied by 20/25ths.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

The increased allowances provided by Chapter 143 of the Laws of 1958, covering members retired through 1951, started with the month of January, 1959. Increases provided by Chapter 144 of the Laws of 1961 and Chapter 198 of the Laws of 1964 covered members retired through 1954 and became effective respectively on July 1, 1962 and July 1, 1965.

- 92.5 PENSION INCREASE ACT, EMPLOYER OBLIGATIONS -
N. J. R. S. 43:3B-4 provides that the State will be responsible for increases payable to retired members of the Teachers' Pension and Annuity Fund, for former State employee members of the Public Employees' Retirement System and for former State employee members of other State systems, such as the Prison Officers' Pension Fund, State Police Retirement System, Central Pension Fund and for 1/3 of the cost of total employer liabilities for the former members of the Consolidated Police and Firemen's Pension Fund.

Public employers other than the State are liable for their former employee members of the Public Employees' Retirement System, Police and Firemen's Retirement System, and for 2/3 of the cost of the Consolidated Police and Firemen's Pension Fund. Separate lists are prepared for each retirement system so it is possible for a municipality to receive three separate bills requesting payment for former employees retired as members of the Public Employees' Retirement System, Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund.

The increase in these allowances is payable provided there is appropriated each year the amount certified by the Division of Pensions as due from the State for the State's appropriation to meet the cost of the increases to members of those retirement systems where the State is liable for such increase. If the State does not appropriate its share, then the increase to all retirants of all systems is to cease.

CONTRIBUTORY PENSION LEGISLATION
STATE CONTRIBUTORY SYSTEMS

By terms of N. J. R. S. 43:3B-4, the Director of the Division of Pensions is to certify, prior to December 1 of each year, the amount required to be appropriated by each public employer in the fiscal year following the fiscal year in which the certification was made. Employers whose fiscal year runs from January through December should pay their appropriation by March 30 of each year, while those whose fiscal year runs from July through June should have paid their appropriation by July 15.

As the law does not provide for the payment of such increases to beneficiaries, the size of the affected group of retirants should diminish. In preparing the amounts to be appropriated the Division of Pensions will consider any credit balance remaining in the employer's account as well as the diminishing amount of prospective payments to be made in the ensuing year.

Checks for the total amounts given on the lists should be prepared and forwarded no later than March 30 or July 15, as indicated above, and should be payable to the "State of New Jersey, Pension Increase Account." A copy of the list with your remittance should be returned to the Chief Accountant, Division of Pensions, 137 East State Street, Trenton.

CONTRIBUTORY PENSION SYSTEMS
COUNTY CONTRIBUTORY SYSTEMS

- 93.1 INTRODUCTION - About 7,000 public employees in New Jersey are members of contributory pension funds other than State administered systems. There are at least 40 different plans. 27 of these plans have less than 10 members each and several are one member systems. Most of the employers participating in these plans have the overwhelming majority of their employees covered by the Public Employees' Retirement System.
- 93.2 COUNTY PENSION PLANS - The counties of Essex, Hudson and Passaic have established pension plans for their employees. The Union County Park Commission has also established a plan for its police. Given below is a chart outlining the major provisions of these retirement systems.

Chapter 191, P.L. 1960 provides that persons employed by Essex County after March 26, 1961 may not become members of the Essex County Employees' Pension Fund. Such new employees are to be enrolled in the Public Employees' Retirement System and covered by Social Security.

Chapter 210, P.L. 1966 provides that persons employed by Passaic County after August 1, 1966 may not become members of the Passaic County Employees' Pension Fund. Such new employees are to be enrolled in the Public Employees' Retirement System and covered by Social Security.

- 93.3 BOARD OF EDUCATION EMPLOYEES' PENSION FUNDS IN FIRST CLASS COUNTIES - There is a county-wide pension plan for school district employees in Essex County. These are employees who are not eligible for membership in the Teachers' Pension and Annuity Fund and who would normally be enrolled in the Public Employees' Retirement System.

In December, 1959, a referendum was held among the members of a similar Board of Education Employees' Pension Fund of Hudson County. As a result of the successful referendum this fund was terminated in February, 1960 under terms of Chapter 169, P.L. 1956. The active membership was transferred to the Public Employees' Retirement System and Social Security coverage was extended to all employees of school districts in Hudson County.

Given below is a chart outlining the major provisions of these county-wide funds.

CONTRIBUTORY PENSION LEGISLATION
COUNTY CONTRIBUTORY SYSTEMS

93.4 BENEFIT CHART (a)

FUND	STATUTORY AUTHORITY	SERVICE RETIREMENT AGE	MANDATORY RETIREMENT AGE
Essex County Employees' Pension Fund	N. J. R. S. 43:10-18.1 to 43:10-18.29	60 after 20 yrs., or after 35 yrs.	65 to 70 for only certain positions.
Hudson County Employees' Pension Fund	N. J. R. S. 43:10-1 to 43:10-18	60 after 20 yrs.	None
Passaic County Employees' Pension Fund	N. J. R. S. 43:10-18.50 to 43:10-18.75	55 after 20 yrs., or after 35 yrs.	70
Board of Education Employees' Pension Fund of Essex County	N. J. R. S. 18:5-68 to 18:5-82	60 or after 30 yrs.; vesting after 20 yrs.; special veter- an's benefit of $\frac{1}{2}$ of final salary at age 60 after 20 yrs. service (age 62 if em- ployed after July 4, 1963).	70
Union County Park Commission Police Pension Fund	N. J. R. S. 40:37-158 to 40:37-168.2	60 after 20 yrs.	None

CONTRIBUTORY PENSION LEGISLATION
COUNTY CONTRIBUTORY SYSTEMS

93.4 BENEFIT CHART (b)

FUND	DISABILITY BENEFITS	SERVICE RETIREMENT BENEFITS
Essex County Employees' Pension Fund	<p>service-connected: $\frac{1}{2}$ of final average salary.</p> <p>non-service connected: after 1 year; $2\frac{1}{2}\%$ of final average salary X years of service (not to exceed 50%).</p>	<p>$\frac{1}{2}$ of final average salary.</p> <p>early retirement after 30 years, but allowance actuarially reduced.</p> <p>vesting after 15 years on proportionate pension.</p>
Hudson County Employees' Pension Fund	<p>permanent or after 20 years if unfit for duty; $\frac{1}{2}$ of final salary.</p>	<p>$\frac{1}{2}$ of final salary.</p>
Passaic County Employees' Pension Fund.	<p>service-connected: $\frac{1}{2}$ of final average salary.</p> <p>non-service connected: $2\frac{1}{2}\%$ of final average salary X years of service (not to exceed 50%).</p>	<p>$\frac{1}{2}$ of final average salary.</p> <p>early retirement after 30 years, but allowance actuarially reduced.</p> <p>vesting after 20 years on proportionate pension.</p>
Board of Education Employees' Pension Fund of Essex County	<p>service-connected: $\frac{1}{2}$ of annual salary at time of accident.</p> <p>non-service connected: after 10 years; $\frac{9}{10}$ of $\frac{1}{60}$ X final average salary X years of service (not more than 30 nor less than 17 years).</p>	<p>$\frac{1}{60}$ X final average salary X years of service.</p>

CONTRIBUTORY PENSION LEGISLATION
COUNTY CONTRIBUTORY SYSTEMS

93.4 BENEFIT CHART (b) continued

FUND	DISABILITY BENEFITS	SERVICE RETIREMENT BENEFITS
Union County Park Commis- sion Police Pension Fund	<p>service-connected: $\frac{1}{2}$ of final average salary*.</p> <p>non-service connected: permanent, unfit for further duty; under age 50, return of contributions. Over age 50, 25% of final average salary* plus 5% for each year over 55 (maximum of $\frac{1}{2}$ of final average salary* * 3 year average</p>	$\frac{1}{2}$ of final average salary*

CONTRIBUTORY PENSION LEGISLATION
COUNTY CONTRIBUTORY SYSTEMS

93.4 BENEFIT CHART (c)

FUND	SURVIVOR'S BENEFITS	WITHDRAWAL
Essex County Employees' Pension Fund	<p>before retirement: after 1 year, payable to widow, dependent widower, or minor children; $2\frac{1}{2}\%$ of final average salary X years of service (not to exceed 50%), or return of contributions to beneficiary or estate. Under certain conditions, \$2,500 maximum to widow, dependent widower or minor children.</p> <p>after retirement: continuation of pension to widow, dependent widower or minor children. Under certain conditions, \$2,500 maximum to widow, dependent widower or minor children.</p>	return of contributions without interest.
Hudson County Employees' Pension Fund	<p>before retirement: after 5 years, payable to widow, dependent widower, or minor children; $2\frac{1}{2}\%$ for each year up to $\frac{1}{2}$ of final salary. Return of contributions to survivor if less than 5 years.</p> <p>after retirement: continuation of pension to widow, dependent widower, or minor children.</p>	return of contributions without interest to non-veterans; return of contributions with 4% interest to veterans.

CONTRIBUTORY PENSION LEGISLATION
COUNTY CONTRIBUTORY SYSTEMS

93.4 BENEFIT CHART (c) continued

FUND	SURVIVOR'S BENEFITS	WITHDRAWAL
Passaic County Employees' Pension Fund	before retirement, service connected: payable to widow, dependent widower, or minor children; $\frac{1}{2}$ of final average salary (not to exceed \$2,500) or return of contributions to parents or estate.	return of contributions without interest.
	before retirement, non- service connected: payable to widow, dependent widow- er, or minor children; $2\frac{1}{2}\%$ of final average salary X years of service (not to ex- ceed 50% of \$2,500) or return of contributions to parents or estate. If the member was eligible for service retirement at death, $\frac{1}{2}$ of final average salary (not to exceed \$2,500) would be payable.	
	after retirement: continua- tion of pension to widow, dependent widower, or minor children (not to exceed \$2,500).	

CONTRIBUTORY PENSION LEGISLATION
COUNTY CONTRIBUTORY SYSTEMS

93.4 BENEFIT CHART (c) continued

FUND	SURVIVOR'S BENEFITS	WITHDRAWAL
Board of Educa- tion Employees' Pension Fund of Essex County	before retirement, non- service connected: non-contributory insurance benefits of $1\frac{1}{2}$ X last year's salary ($\frac{3}{16}$ if age 70); plus return of contributions (plus optional death benefits, if purchased).	return of contributions with 2% interest.
	before retirement, service- connected: annual pension of $\frac{1}{2}$ final average salary to widow or minor children; plus return of contributions (plus optional death benefits, if purchased).	
	after retirement (if no option selected): return of contribu- tions with 2% interest less pension payments received; plus $\frac{3}{16}$ X last year's salary ($1\frac{1}{2}$ X salary if retired on dis- ability and death before age 60).	

CONTRIBUTORY PENSION LEGISLATION
COUNTY CONTRIBUTORY SYSTEMS

93.4 BENEFIT CHART (c) continued

FUND	SURVIVOR'S BENEFITS	WITHDRAWAL
Union County Park Commis- sion Police Pension Fund	before retirement, service connected: payable to widow, minor children, or dependent parents; $\frac{1}{2}$ of annual salary at time of accident. before retirement, non- service connected: payable to widow, \$1,000 per year, or return of contributions to estate. after retirement: continua- tion of pension to widow, minor children, or dependent parents.	return of contributions without interest.

CONTRIBUTORY PENSION LEGISLATION
COUNTY CONTRIBUTORY SYSTEMS

93.4 BENEFIT CHART (d)

FUND	RATE OF CONTRIBUTION
Essex County Employees' Pension Fund	6% of salary. employer pays 9%, increasing 1% each year beginning in 1967-68 until actuarially funded.
Hudson County Employees' Pension Fund	3% of salary. employer pays 3% and makes up all deficits.
Passaic County Employees' Pension Fund	6% of salary. employer pays 10%, increasing 1% each year beginning in 1966-67 until actuarially funded.
Board of Education Employees' Pension Fund of Essex County	6% of salary. employer pays current actuarial liability and is funding accrued liability over 30 years.
Union County Park Commission Police Pension Fund	5% of salary. employer pays actuarially determined liability, funded over 30 years from January 1, 1956.

CONTRIBUTORY PENSION LEGISLATION
COUNTY CONTRIBUTORY SYSTEMS

- 93.41 ESSEX COUNTY PENSION INCREASE ACT - Chapter 190, P.L. 1960, became effective with retirement allowances for July 1960. This act provides for increases in the retirement allowances of certain retired members of the Essex County Employees' Pension Fund.

The law applies only to persons who retired in the years 1923-51, inclusive and who are receiving retirement allowances from the county fund in amounts less than \$2,500 per year.

The law establishes a percentage of increase applicable to the particular year of retirement. The full percentage of increase is payable if the retired employee had 20 years of service credit prior to retirement or was retired on a service connected disability. However, if the retired employee had less than 20 years of service credit or was not retired because of a service connected disability, the increase will be proportionately less. It will be in the same proportion to the increase provided under the law as the number of years of service is to 20. Moreover, the increase is applicable on the first \$480 of annual allowance and in no event may the pension plus the increase exceed \$2,500 per year.

This act which is applicable to certain retired employees of Essex County follows the increase formula provided by the Pension Increase Act applicable to State contributory systems described in Section 92.4.

- 93.42 PASSAIC COUNTY PENSION INCREASE ACT - Chapter 210, P.L. 1966, provides for increases in the retirement allowances of certain retired members of the Passaic County Employees' Pension Fund effective July, 1966.

The law applies only to persons who retired in the years 1935-51, inclusive. The percentage of increase is applicable to the particular year of retirement. The full percentage of increase is payable if the retired employee had 20 years of service credit prior to retirement or was retired on a service connected disability. Moreover, the increase is applicable on the first \$480 of annual allowance.

This act also follows the provisions of the act pertaining to State-administered systems described in Section 92.4.

CONTRIBUTORY PENSION SYSTEMS
OTHER COUNTY CONTRIBUTORY SYSTEMS

- 93.5 OTHER COUNTY CONTRIBUTORY SYSTEMS - 14 counties maintain a total of 33 other county pension funds for employees rendering specific services. Such funds cover detectives, probation officers, sheriff employees including court attendants, county police, superintendents and assistant superintendents of weights and measures, court interpreters, sergeants-at-arms and court criers, and court clerks.

The provisions of the acts governing these pension funds are similar; most provide for retirement on one-half pay at age 60 after 20 years of continuous service; most provide disability benefits of one-half pay after 20 years of service; survivor benefits are available before or after retirement; the rate of contribution is generally 3% of salary.

In 1947 some of these acts were amended so that the governing body of the county could adopt a resolution closing the pension fund to new employees where such new employees were eligible to become members of the Public Employees' Retirement System. Of the 33 pension funds, 28 have been closed to new employees.

Given below are two charts. The first outlines the benefits and other major provisions of these county funds. The second chart indicates the location of each of these 33 funds. An "M" indicates the existence of such a fund in the particular county, while a "C" indicates that the fund has been closed to new employees.

CONTRIBUTORY PENSION SYSTEMS
OTHER COUNTY CONTRIBUTORY SYSTEMS

93.6 BENEFIT CHART (a)

FUND	STATUTORY AUTHORITY	SERVICE RETIREMENT AGE	MANDATORY RETIREMENT AGE
Detectives' Pension Fund	N. J. R. S. 43:10-19 to 43:10-29.3	60 (55 if 30 aggregate years of service as detective and policeman)	72 after 20 years of continuous service.
Probation Officers' Pension Fund	N. J. R. S. 43:10-45 to 43:10-59.2	60	None
Sheriffs' Employees' Pension Fund (Court Attendants)	N. J. R. S. 43:10-60 to 43:10-72.3	60	None
County Police Pension Fund	N. J. R. S. 43:10-36 to 43:10-44	50	65 after 20 years
Weights & Measures Pension Fund	N. J. R. S. 43:10-106 to 43:10-114	60	None
Court Interpreters' Pension Fund	N. J. R. S. 43:10-93 to 43:10-105.3	60	None
Sergeants-at- Arms and Court Criers' Pension Fund	N. J. R. S. 43:10-73 to 43:10-83	60	None
Court Clerks' Pension Fund	N. J. R. S. 43:9A-1 to 43:9A-8	65	None

CONTRIBUTORY PENSION SYSTEMS
OTHER COUNTY CONTRIBUTORY SYSTEMS

93.6 BENEFIT CHART (b)

FUND	DISABILITY BENEFITS	SERVICE RETIREMENT BENEFITS
Detectives' Pension Fund	In line of duty; unfit for duty after 20 years of continuous service; $\frac{1}{2}$ of final salary.	20 years of continuous service, $\frac{1}{2}$ of final salary.
Probation Officers' Pension Fund	Permanent or unfit for duty; $\frac{1}{2}$ of final salary.	20 years of continuous service, $\frac{1}{2}$ of final salary.
Sheriffs' Employees Pension Fund (Court Attendants)	In line of duty; unfit for duty after 20 years of continuous service; $\frac{1}{2}$ of final salary.	20 years of continuous service, $\frac{1}{2}$ of final salary.
County Police Pension Fund	In line of duty; $\frac{2}{3}$ of final salary.	20 years of aggregate service, $\frac{1}{2}$ of final salary.
Weights & Measures Pension Fund	In line of duty; unfit for duty after 20 years of continuous service; $\frac{1}{2}$ of final salary.	20 years of continuous service, $\frac{1}{2}$ of final salary.
Court Interpreters' Pension Fund	In line of duty; unfit for duty after 30 years of continuous service; $\frac{1}{2}$ of final salary.	30 years of continuous service, $\frac{1}{2}$ of final salary.
Sergeant-at-Arms & Court Criers' Pension Fund	In line of duty; unfit for duty after 20 years of continuous service; $\frac{1}{2}$ of final salary.	20 years of aggregate service, $\frac{1}{2}$ of final salary.
Court Clerks' Pension Fund	Unfit for duty after 25 years of continuous service at age 60; not less than $\frac{1}{2}$ of final salary.	30 years of continuous service, not less than $\frac{1}{2}$ of final salary.

CONTRIBUTORY PENSION SYSTEMS
OTHER COUNTY CONTRIBUTORY SYSTEMS

93.6 BENEFIT CHART (c)

FUND	SURVIVOR'S BENEFITS	WITHDRAWAL
Detectives' Pension Fund	Before or after retirement, payable to widow or children; $\frac{1}{2}$ of final salary.	None
Probation Officers' Pension Fund	Before or after retirement, payable to widow, dependent widower or children; $\frac{1}{2}$ of final salary.	After 4 years, return of contributions without interest.
Sheriffs' Employees Pension Fund (Court Attendants)	Before or after retirement, payable to widow or children; $\frac{1}{2}$ of final salary.	None, except for war veterans who were members of the former pension funds for court attendants in second class counties.
County Police Pension Fund	After 10 years up to \$1,000 a year payable to widow, children or sole dependent parent and if contributing, payable after retirement.	None
Weights & Measures Pension Fund	Before retirement, payable to widow, children or sole dependent parent; $\frac{1}{2}$ of final salary.	None
Court Interpreters' Pension Fund	Before or after retirement, payable to widow; $\frac{1}{2}$ of final salary.	None
Sergeant-at-Arms & Court Criers Pension Fund	Before or after retirement, payable to widow; $\frac{1}{2}$ of final salary.	None
Court Clerks' Pension Fund	After 25 years of continuous service, and if additional 2% contributed, not less than $\frac{1}{2}$ of final salary is payable to widow.	None

CONTRIBUTORY PENSION SYSTEMS
OTHER COUNTY CONTRIBUTORY SYSTEMS

93.6 BENEFIT CHART (d)

FUND	RATE OF CONTRIBUTION	ACT TO CLOSE FUND
Detectives' Pension Fund	3% of salary; employer pays 3% and makes up all deficits	C. 173, P.L. 1947
Probation Officers' Pension Fund	3% of salary; employer pays 3% and makes up all deficits	C. 170, P.L. 1947
Sheriffs' Employees' Pension Fund (Court Attendants)	3% of salary; employer pays 3% and makes up all deficits	C. 172, P.L. 1947
County Police Pension Fund	2% of salary if entered service before age 35; employer pays 4% and makes up all deficits	None
Weights & Measures Pension Fund	3% of salary; employer pays 3% and makes up all deficits	C. 171, P.L. 1947
Court Interpreters' Pension Fund	3% of salary; employer pays 3% and makes up all deficits	C. 174, P.L. 1947
Sergeant-at-Arms & Court Criers' Pension Fund	3% of salary; employer pays 3% and makes up all deficits	None
Court Clerks' Pension Fund	3% of salary plus extra 2% for death benefits; employer pays balance	None

CONTRIBUTORY PENSION SYSTEMS
OTHER COUNTY CONTRIBUTORY SYSTEMS

93.7 LOCATION CHART (a)

Employing County	Detectives' Pension Fund	Probation Officers' Pension Fund	Sheriffs' Employees Pension Fund (Court Attendants)	County Police Pension Fund
Atlantic	MC	MC		
Bergen	MC	MC	MC	MC
Burlington	MC	MC		
Camden	MC	MC	MC	
Cape May				
Cumberland				
Essex				
Gloucester		M		
Hudson	M		M	
Hunterdon				
Mercer	MC	MC		
Middlesex	MC		MC	
Monmouth	MC	MC		
Morris	MC			
Ocean				
Passaic				
Salem				
Somerset	MC			
Sussex				
Union	MC	MC	MC	
Warren				

CONTRIBUTORY PENSION SYSTEMS
OTHER COUNTY CONTRIBUTORY SYSTEMS

93.7 LOCATION CHART (b)

Employing County	Weights & Measures Pension Fund	Court Interpreters' Pension Fund	Sergeant-at-Arms & Court Criers Pension Fund
Atlantic			
Bergen			
Burlington			
Camden		MC	
Cape May			
Cumberland			
Essex			
Gloucester			
Hudson			M
Hunterdon	M		
Mercer	MC		
Middlesex			
Monmouth	MC		
Morris	MC		
Ocean			
Passaic			
Salem			
Somerset	MC		
Sussex	MC		
Union			
Warren			

CONTRIBUTORY PENSION LEGISLATION
MUNICIPAL CONTRIBUTORY SYSTEMS

93.8 MUNICIPAL RETIREMENT SYSTEMS - The cities of Newark and Jersey City maintain municipal-wide pension funds for their employees. The City of Atlantic City maintains a retirement system for life guards.

Given below is a chart outlining the major provisions of these municipal systems.

93.9 BENEFIT CHART (a)

FUND	STATUTORY AUTHORITY	SERVICE RETIREMENT AGE	MANDATORY RETIREMENT AGE
Newark City Employees' Retirement System	N. J. R. S. 43:13-22.2 to 43:13-22.41	55 after 30 years, 60 after 25 years.	70
Employees' Retirement System of Jersey City	N. J. R. S. 43:13-22.50 to 43:13-22.66	60 after 20 years.	65
Atlantic City Life Guard Pension Fund	N. J. R. S. 43:13-23 to 43:13-29	45	None

CONTRIBUTORY PENSION LEGISLATION
MUNICIPAL CONTRIBUTORY SYSTEMS

93.9 BENEFIT CHART (b)

FUND	DISABILITY BENEFITS	SERVICE RETIREMENT BENEFITS
Newark City Employees' Retirement System	<p>service-connected: $\frac{1}{2}$ of final salary and $2\frac{1}{2}\%$ of salary for each year over 30, not to exceed 40 years (not to exceed \$9,000).</p> <p>non-service connected: $2\frac{1}{2}\%$ of salary after the first year for the first 20 years (not to exceed 50%) and $2\frac{1}{2}\%$ of salary for each year over 30 (not to exceed 75% or \$9,000).</p>	<p>$\frac{1}{2}$ of final salary after 25 years at age 60 or $\frac{1}{2}$ of final salary after 30 years at age 55 and $2\frac{1}{2}\%$ of salary for each year over 30 (not to exceed 75% or \$9,000).</p>
Employees' Retirement System of Jersey City	<p>service-connected: annual pension of $\frac{2}{3}$ of final salary (*)</p> <p>non-service connected: after 5 years of service, $\frac{1}{2}$ of final salary plus $\frac{1}{2}$ of 1% of final salary for each year of service over 20 years.</p>	<p>$\frac{1}{2}$ of final salary (*) after 20 years at age 60 plus $\frac{1}{2}$ of 1% of final salary for each year of service over 20 years; or 2% of final salary for each year of service if less than 20 years at age 65.</p>
<p>(*) Final salary - annual salary at death or retirement if employed before February 22, 1965; average of highest five in last ten years if employed after February 22, 1965. One-half of 1% of final salary provision applicable only to members as of June 18, 1966.</p>		
Atlantic City Life Guard Pension Fund	<p>in line of duty; $\frac{1}{2}$ of final salary</p>	<p>after 20 years of ser- vice of which the last 10 years have been continuous, $\frac{1}{2}$ of final salary.</p>

CONTRIBUTORY PENSION LEGISLATION
MUNICIPAL CONTRIBUTORY SYSTEMS

93.9 BENEFIT CHART (c)

FUND	SURVIVOR'S BENEFITS	WITHDRAWAL
Newark City Employees' Retirement System	<p>before retirement; service-connected: payable to widow, de- pendent widower, minor children or dependent parent; $\frac{1}{2}$ of final salary (not to exceed \$2,000) or 50% return of contribu- tions to estate, without interest.</p>	<p>return of contributions without interest less actuarial cost of pro- tection received.</p>
	<p>before retirement; non- service connected: after 5 years, payable to widow, dependent widower, minor children or dependent parent; $2\frac{1}{2}\%$ of final salary X years of service (not to exceed 50% or \$2,000 or be less than \$1,000) or 50% return of contributions to estate, without interest.</p>	
	<p>after retirement: payable to widow, dependent widower, minor children or dependent parent; maximum of \$2,000 and minimum of \$1,000.</p>	

CONTRIBUTORY PENSION LEGISLATION
MUNICIPAL CONTRIBUTORY SYSTEMS

93.9 BENEFIT CHART (c) continued

FUND	SURVIVOR'S BENEFITS	WITHDRAWAL
Employees' Retirement System of Jersey City	<p>before retirement, service-connected or after 20 years service: payable to widow, dependent widower, minor children or dependent parents; $\frac{1}{2}$ final salary (*) (not to exceed \$2,000) or return of contributions to estate, without interest.</p> <p>before retirement, non-service connected: after 5 years but less than 20, payable to widow, dependent widower, minor children or dependent parents; $2\frac{1}{2}\%$ of final salary (*) X years of service (not to exceed \$100 per year of service) or return of contributions to estate, without interest.</p> <p>after retirement: payable to widow, dependent widower, minor children or dependent parents; $\frac{1}{2}$ of final salary (*) (not to exceed \$2,000) or return of contributions to estate, without interest.</p>	return of contributions without interest.
<p>(*) Final salary - annual salary at death or retirement if employed before February 22, 1965; average of highest five in last ten years if employed after February 22, 1965.</p>		
Atlantic City Life Guard Pension Fund	before or after retirement: payable to widow, minor children or dependent parents; $\frac{1}{2}$ of final salary.	None

CONTRIBUTORY PENSION LEGISLATION
MUNICIPAL CONTRIBUTORY SYSTEMS

93.9 BENEFIT CHART (d)

FUND	RATE OF CONTRIBUTION		
Newark City Employees' Retirement System	Age	Rate*	Employer pays equal amount, increasing 1% each year beginning in 1966-67 until actuarially funded.
	Under 35	5.00	
	35-36	5.25	
	36-37	5.50	
	37-38	5.75	
	38-39	6.00	
	39-40	6.25	
	40-41	6.50	
	41-42	6.75	
	42-43	7.00	
43-44	7.25		
44-45	7.50		

*Minimum rates; rates may vary between 5.00 and 9.50

Employees' Retirement System of Jersey City	Members prior to February 22, 1965	Employer pays actuarially determined normal contri- bution and 4% of accrued liability each year.	
	Age at Appointment Rates		
	Not exceeding 35 yrs.	6%	
	Between 35 & 36 yrs.	6½	
	Between 36 & 37 yrs.	7	
	Between 37 & 38 yrs.	7½	
	Between 38 & 39 yrs.	8	
	39 & over	8½	
	Members after February 22, 1965		
	Age at Entrance	Rates	
		Men	Women
	20 and under	6.00%	6.40%
	25	6.40	6.80
	30	7.00	7.50
	35	7.90	8.40
	40	9.20	9.80
	45	9.40	10.00
	50 and over	9.70	10.60

Atlantic City Life Guard Pension Fund	4% of salary	employer pays 4% and makes up all deficits.
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CONTRIBUTORY PENSION SYSTEMS
MERGER WITH STATE SYSTEM

94.1 MERGER OF CONTRIBUTORY FUNDS WITH THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM-Chapter 169 of the Laws of 1956 makes the Public Employees' Retirement System available to members of other contributory pension funds. However, membership in this system is predicated on the obtainment of Social Security coverage. The provisions of Chapter 169 becomes operative 60 days after the members of any system have voted favorably in a referendum to secure Social Security coverage. Social Security coverage is made possible after a majority of the membership vote in favor of its adoption in a referendum called by the Governor.

When Chapter 169 becomes operative, the pension fund is terminated, and all securities, assets and records are transferred to the Public Employees' Retirement System. The members of the terminated plan become members of the state-wide Public Employees' Retirement System, with credit for public service comparable to that established in the terminated plan. Other employees who are in positions covered by, but not members of the terminated fund, may become members of the Public Employees' Retirement System within one year, while new eligible employees automatically become members.

The first step to be taken by any interested group is to contact the Director of the Division of Pensions who will review with the interested parties the feasibility of the merger and its implications.

NON-CONTRIBUTORY PENSION LEGISLATION
GENERAL NON-CONTRIBUTORY ACT

95.1 INTRODUCTION-In 1954 a legislative commission was appointed to study non-contributory pensions. The first product of the recommendations of the commission became Chapter 263 of the Laws of 1955, known as the General Non-Contributory Pension Act, to be found in N.J.R.S. 43:8B-1 et. seq.

This act repeals some sixty non-contributory pension laws payable to county, municipal and school district employees. In place of these pension laws, the act provides one overall pension program which is integrated with Federal Social Security. No pension may be granted under any of the repealed statutes after January 11, 1956. Any pension granted prior to that date is to be continued as originally granted. A list of the repealed statutes can be found below.

95.2 ELIGIBILITY-Any employee who is not a member of and was not required by law to become a member of a contributory retirement system other than Social Security may be eligible for benefits under the General Non-Contributory Pension Act. Such employee may, at the discretion of his employer, be retired and granted a pension under the Act. However, no employee may receive such pension if he is eligible to receive a pension for the same employment under any other law of this State.

Conditions of eligibility are as follows:

- a. The employee must be at least 65 years old, or have been employed by an employer for at least 40 years, or be permanently and totally disabled.
- b. The employee cannot be retired because of disability unless he has at least 5 years of service with the employer.
- c. The employee cannot be retired for reasons other than disability unless he has at least 15 years of service with the employer.

An employee is considered "permanently and totally disabled" when he is not only physically or otherwise incapacitated but when it appears that such incapacity will, in all reasonable probability, continue permanently. The Act provides for a medical examination of the disabled employee and for annual medical examinations for pensioners under the age of 65. Benefits are not payable to a pensioner who is no longer considered disabled or who refused to submit to an examination.

95.3 PENSION AMOUNT-The amount of the pension shall be fixed by the employer according to uniform percentages of final average salary applicable generally to all employees who are eligible for benefits under the Act. Such percentages must be adopted by resolution and shall not exceed an amount which, when added to the Social Security benefit for which the employee is or could be eligible, will produce a total retirement allowance equal to:

NON-CONTRIBUTORY PENSION LEGISLATION
GENERAL NON-CONTRIBUTORY ACT

- a. 30% of final average salary if employed for less than 20 years; or
- b. 50% of final average salary if employed for 20 years or more; provided, however, that in the case of an employee having 35 years of public employment and being age 65, or having 40 or more years of service, the total retirement allowance shall not be less than 25% of his final average salary.

The amount of the pension, once established, shall not be reduced later because of an increase in the amount of the employee's Social Security benefit.

For purposes of the General Non-Contributory Act, "final average salary" means the average base compensation paid for the 5 years of the pensioner's employment preceding his retirement.

- 95.4 BUDGET APPROPRIATION-The payment of pensions granted under the Act must be provided for in the budget of the employer.
- 95.5 CHAPTER 190, P. L. 1955-This Act, which repealed certain non-contributory pension acts payable to State employees, was a companion bill to the General Non-Contributory Pension Act.
- 95.6 CHAPTER 206, P. L. 1957-Among other things, this Act repealed certain non-contributory judicial pension acts.
- 95.7 SECTIONS OF THE REVISED STATUTES REPEALED BY CHAPTER 263, P. L. 1955, CHAPTER 190, P. L. 1955 and CHAPTER 206, P. L. 1957
 - A. Pensions: State, County, & Municipal
 - R. S. 43:8-5 to 43:8-7; Widow of Civil War Veteran (widow employed by State, county, or municipality 25 years continuously)
 - B. State Pensions:
 - R. S. 43:7-1 to 43:7-6; Officers and employees of State Penal Institutions
 - R. S. 43:6-8; Sergeant-at-arms of Chancery Court (continued to widow)
 - R. S. 43:6-8.1 to 43:6-8.2; Sergeant-at-arms of Chancery Court
 - R. S. 43:6-10 to 43:6-11; Stenographic Reporter (Chancery Court)
 - R. S. 43:6-13.1; Stenographic Reporter (other than Chancery Court)
 - R. S. 43:8-2; Widow of Governor

NON-CONTRIBUTORY PENSION LEGISLATION
GENERAL NON-CONTRIBUTORY ACT

- R. S. 43:8-3; Widow of Acting Governor
- R. S. 43:8-4; Widow of Supreme Court Justice
- R. S. 43:8-4.1; Widow of Vice Chancellor
- R. S. 43:8-8; Widow of Chief Engineer at Greystone Park Asylum
- R. S. 43:8-9; Widow and children of employees of Board of Shell Fisheries
- C. State Pensions: (Repealed by C. 206, P. L. 1957)
 - R. S. 43:6-1 to 43:6-6; State Judicial Officers (Old court system)
 - R. S. 43:6-6.1 to 43:6-6.3; Retired Vice Chancellor (increases existing pension)
 - R. S. 43:6-6.11; Advisory Master of Court of Chancery
 - R. S. 43:6-7; Associate Justice of Supreme Court (not reappointed)
 - R. S. 43:6-7.1; Judge of Court of Errors and Appeals (age 64 in 1946)
 - R. S. 43:6-7.2 to 43:6-7.3; Judge of Court of Errors and Appeals
- D. County Pensions:
 - R. S. 43:9-1 to 43:9-5.2; County employees generally
 - R. S. 43:9-19 to 43:9-21; County Clerk
 - R. S. 43:9-33; Clerk, County District Court (Service as clerk of county district court and former city district court)
 - R. S. 43:9-34 to 43:9-35; Clerk, County District Court (Service as clerk of county district court and former city district court)
 - R. S. 43:9-6; Sergeant-at-arms, County Courts in first class counties
 - R. S. 40:37-149 to 40:37-150; Officer or employee of county park commission (Not member of county police force or other employee for whom pension is otherwise provided by law)
 - R. S. 43:9-17 to 43:9-18; Secretaries of County Board of Taxation; third class counties (with population of 110,000 to 226,000)
 - R. S. 43:9-22 to 43:9-23; Superintendent, County Lunatic Asylum

NON-CONTRIBUTORY PENSION LEGISLATION
GENERAL NON-CONTRIBUTORY ACT

R.S. 43:9-9 to 43:9-10; Deputy and Special Deputy Surrogates

R.S. 43:9-5.1; Wardens or Jail Keepers

R.S. 43:9-13 to 43:9-16; Widows of employees of county clerk's office in second class counties

R.S. 43:9-7 to 43:9-8; Widow of clerk in county treasurer's office

R.S. 43:9-11 to 43:9-12; Widow of bookbinder of second class county

R.S. 43:9-28 to 43:9-29; Deputy Clerk of County District Courts (service as clerk, deputy clerk, and sergeant-at-arms of any former city district court located in county)

R.S. 43:9-30 to 43:9-31; Clerk or Deputy Clerk of County District Court (Service as either clerk or deputy clerk and as clerk and sergeant-at-arms of any former city district court located within the county)

R.S. 43:9-32; Sergeant-at-arms of County District Court

C. 248, P. L. 1950; County Chief of Detectives (Retired)

E Pensions: All Municipalities

R.S. 43:12-12 to 43:12-16; Fire Department employees generally

R.S. 43:12-26 to 43:12-28; Survivors of municipal fireman

R.S. 43:12-47 to 43:12-49; Survivors of municipal police officer

R.S. 43:12-46.1 to 43:12-46.5; Police Officer of municipality which adopted the Police & Firemens' Retirement System before 1948. Police Officer waived right to membership and benefits of system.

F. City Pensions:

R.S. 43:12-1; City employees generally

R.S. 43:12-6; City finance department employee

R.S. 43:12-17 to 43:12-22; Paid fireman in any city

R.S. 43:12-17 to 43:12-22; Survivors of paid firemen in any city

R.S. 43:12-23; Fireman in first class city

NON-CONTRIBUTORY PENSION LEGISLATION
GENERAL NON-CONTRIBUTORY ACT

- R. S. 43:12-24; Survivors of fireman in first class city
- R. S. 43:12-25; Fire department employee in first class city
- R. S. 43:12-38; Member of city police force
- R. S. 43:12-40 to 43:12-42; Policemen of first class city
- R. S. 43:12-39; Chief of Police in any city (Must perform any requested special services until age 60)
- R. S. 43:12-32 to 43:12-34; Library employees in first class cities
- R. S. 43:12-1.1 to 43:12-1.3; Employees of fourth class cities in sixth class counties
- R. S. 43:12-1.4; Clerk, Recorder's Court or Municipal Court, second class cities in first class counties
- R. S. 43:12-2 to 43:12-5; District Court Clerks and Deputy Clerks in first class cities
- R. S. 43:12-5.1 to 43:12-5.3; District Court Clerks in second class cities in first class counties
- R. S. 43:12-1.7 to 43:12-1.9; Clerk, Municipal Court, second class city
- R. S. 43:12-29 to 43:12-31; Health Officers in first class cities
- R. S. 43:12-35 to 43:12-37; Overseers of the poor in first class cities
- R. S. 43:12-50 to 43:12-52; Municipal Recorder
- R. S. 43:12-1.5 to 43:12-1.6; Director of Public Health Laboratory in second class city which makes 25,000 tests per annum
- R. S. 43:12-1.10 to 43:12-1.11; Widow of Clerk of Municipal Court in second class city
- G. Village Pensions:
- R. S. 43:12-45 to 43:12-46; Village police department employees
- R. S. 43:11-3; Village employees in first class counties
- H. Town Pensions:

NON-CONTRIBUTORY PENSION LEGISLATION
GENERAL NON-CONTRIBUTORY ACT

R.S. 43:12-53 to 43:12-55; Employee of town with population over 40,000

I. Borough Pensions:

R.S. 43:12-63 to 43:12-64; Borough employees

R.S. 43:12-58 to 43:12-60; Borough Superintendent of Public Works

J. Township Pensions:

R.S. 43:12-57.6 to 43:12-57.11; Employee of township in second class county

R.S. 43:12-43 to 43:12-44; Township Police Officer (Must be adopted by referendum)

R.S. 43:12-56; Township Tax Assessor

R.S. 43:12-57; Township Tax Collector

R.S. 43:12-57.1 to 43:12-57.3; Township Health Officer

R.S. 43:12-57.4; Township Treasurer

R.S. 43:12-57.5; Township Clerk

K. School District Pensions:

R.S. 18:5-50.9 to 18:5-50.13; Any school district employee not eligible under another pension law

R.S. 18:6-36; Secretary of School Board

R.S. 18:6-29; Widow of principal in first class city

R.S. 18:6-43 to 18:6-44; Widow of superintendent in first class city

R.S. 18:14-62 to 18:14-64; Full-time Medical Inspector for Board of Education

NON-CONTRIBUTORY PENSION LEGISLATION
VETERANS' RETIREMENT ACT

- 96.1 **VETERANS' RETIREMENT ACT**-N. J. R. S. 43:4-1 provides a non-contributory pension to persons who have attained age 62 or have become incapacitated after 20 years of public service, and who have served in, and have been honorably discharged from, the armed forces of the United States, including nurses, during specified wars or military expeditions in which the United States has been engaged.

The courts have held that the eligibility requirements of this act must be considered together so that an individual retiring after 20 years of service, but before attaining age 62, is not entitled to a pension unless he is disabled.

The courts have also held that the length of service qualification could be satisfied based on a combination of service for the state, a county, a municipality and a school district.

Further, the courts have held that service, without compensation, as a member of a local governing body, could not be considered as service in determining a veteran's right to a pension under the Veterans' Retirement Act.

- 96.2 **RETIREMENT OF VETERANS**-N. J. R. S. 43:4-2 provides that when a veteran has or shall have been for 20 years continuously or in the aggregate, in employment of this state or of a county, municipality, school district or board of education, the appointing authority may, with his assent, order his retirement, or he shall be retired on his own request.

The courts have held that a teacher was eligible for benefits even though he did not have 20 years of continuous service in employment in the same department of government.

The courts have also held that where the voters of a school district had at a referendum expressed disapproval of an obligation to pay a retired teacher benefits under the Veterans' Retirement Act, that this was no argument in an action to recover the benefits which should have been paid.

- 96.3 **AMOUNT OF PENSION**-N. J. R. S. 43:4-3 provides that a veteran so retired shall be entitled to receive a pension of one-half of the compensation then being received by him for his service. His pension will be paid during his natural life. No pension shall be less than \$50 per month unless the person was receiving compensation of less than \$50 per month at the time of retirement, in which case he shall be paid the full amount then received by him for his service.
- 96.4 **WAIVER**-N. J. R. S. 43:4-3 also provides that a veteran retiring under any other law of this state shall waive either his pension under that law or the pension payable under the Veterans' Retirement Act.

NON-CONTRIBUTORY PENSION LEGISLATION
VETERANS' RETIREMENT ACT

The courts have also held that a policeman who was a veteran has a right to choose between the Veterans' Retirement Act and the benefits of a regular pension system, but upon a choice of either he was obliged to waive the other.

- 96.5 PROVISIONS FOR PENSIONS-N. J. R. S. 43:4-4 provides that provision for such free veterans pension shall be made in the appropriation of the public agency from which the veteran shall be retired. Moreover, no pension shall cease because the agency has been abolished.
- 96.6 FUNDING THE VETERANS' RETIREMENT ACT-For some time many state and local officials were concerned about the financial implications of the provisions of the Veterans' Retirement Act. The growing number of veterans in public employment after World War II led many to suggest means by which these ever increasing liabilities could be funded. Part of the solution to this problem came as a result of legislation governing the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund.

Membership in the Public Employees' Retirement System was made compulsory for every eligible veteran first employed in public service after 1954 who is not a member of, or eligible to become a member of a contributory retirement system other than Social Security.

All eligible veterans similarly employed prior to 1955 had the option of enrolling in the Public Employees' Retirement System, but whether they enrolled in that System or not, their rights to any benefits under the Veterans' Retirement Act were terminated.

Eligible veterans were enrolled as of January 1, 1955 and upon the satisfactory submission of evidence regarding prior service, were granted free credit for such prior service in the retirement system. Those who had been members of the State system prior to 1955 received a refund of their contributions for periods prior to that date.

Similar legislation was enacted affecting veterans who were eligible to be members of the Teachers' Pension and Annuity Fund.

Provisions were made for participating employers to fund the liability for the prior service of these veterans over a period of 30 years in both the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund.

- 96.7 VETERAN MEMBERS OF STATE SYSTEMS AND VETERANS' RETIREMENT ACT - N. J. R. S. 43:15A-56 and N. J. R. S. 18:13-112.54 provide that eligible veteran public employees who are members of, or who are eligible to become members of the

NON-CONTRIBUTORY PENSION LEGISLATION
VETERANS' RETIREMENT ACT

Public Employees' Retirement System or the Teachers' Pension and Annuity Fund, may not receive any pension under the Veterans' Retirement Act.

The waiver provided by N.J.R.S. 43:4-3 does not, therefore, apply to such veterans.

Although the provisions of the Veterans' Retirement Act no longer apply to these veterans, provisions in the acts governing the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund have been made for special benefits applicable to these veterans. Actually, the liberal eligibility requirements of the Veterans' Retirement Act have been established in the State systems in order to provide these special benefits to eligible veterans.

In effect then, although the special benefit and eligibility requirements are similar, the financial problem raised by the Veterans' Retirement Act was resolved by the funding by employers of the prior service as well as the current service liabilities and the contributions by veterans beginning in 1955 towards their retirement.

- 96.8 AVAILABILITY OF VETERANS' RETIREMENT ACT - As given above, the Veterans' Retirement Act is not available to any veteran who is eligible for membership in the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. This covers most areas of public employment except those in which there have been established other contributory pension funds. Individuals who are not actually members of such other contributory retirement systems are eligible for membership in the Public Employees' Retirement System, so that the waiver provision of N.J.R.S. 43:4-3 does not apply to them. Where membership in such other retirement system is compulsory, the veteran, at retirement, may waive either his pension under that system or the pension payable under the Veterans' Retirement Act.
- 96.9 VETERAN MEMBERS OF ESSEX COUNTY SCHOOL DISTRICT EMPLOYEES' PENSION FUND - Chapter 98, P.L. 1962 placed eligible veteran members of the Essex County School District Employees' Pension Fund on a basis comparable to that of veterans eligible for membership in the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. Thus, veterans eligible for membership in this county contributory system are no longer eligible for benefits under the Veterans' Retirement Act.

NON-CONTRIBUTORY PENSION LEGISLATION
OTHER NON-CONTRIBUTORY ACTS

- 97.1 HEATH ACT - N.J.R.S. 43:5-1, et seq., as amended, is commonly known as the Heath Act and applies to all persons in State service prior to January 1, 1922.

Retirement is at the option of the employer or the employee after 25 years of continuous service at age 60 if the employee is incapacitated for further service and is not covered by any other pension act. The amount of the pension is one-half of the average salary for the last two years.

In the event of death before or after retirement of any eligible person, an amount equal to such person's salary in his last full year of service will be payable to a named beneficiary.

These pension payments are made by the Central Pension Fund.

- 97.2 SUPREME COURT JUSTICES AND SUPERIOR COURT JUDGES - N.J.R.S. 43:6-6.4 et seq., as amended, provides, basically, a non-contributory pension to all justices of the Supreme Court and judges of the Superior Court; contributions of 10% are required on salary increases after July 1, 1965.

A pension of three-fourths of final salary is payable if the judge:

- (a) Has had at least 10 years of judicial service and has attained age 70, or
- (b) Is determined by the Governor, on medical advice, to be permanently disabled, or
- (c) Has served at least 15 years continuously and in the aggregate as a member of the Supreme, Superior or County Court or as a member of the Senate or General Assembly (the last 10 of such 15 years have been served in the Supreme or Superior Courts or as an Advisory Master to the Superior Court) and has attained 65 years of age, or
- (d) Has served at least 25 years in certain judicial offices and has attained 60 years of age.

In the event of death before or after retirement, the judge's widow will be entitled to receive an annual pension of 25% of the judge's salary.

These payments are made by the Central Pension Fund.

NON-CONTRIBUTORY PENSION LEGISLATION
OTHER NON-CONTRIBUTORY ACTS

97.21 COUNTY COURT JUDGES - N.J.R.S. 2A:3-21.1 et seq. provides a pension of one-half of final salary to any judge of a County Court who;

- (a) Has served ten years successively as a judge of a County Court and has attained 70 years of age, or
- (b) Has served five years successively as a County Court judge and as a member of either or both Houses of the Legislature and has attained 70 years of age, or
- (c) Has served five years as a County Court judge and at least ten years successively as a judge of a County Court or County District Court and has attained 70 years of age, or
- (d) Is determined by the Governor, on medical advice, to be permanently disabled, or
- (e) Has served at least one full term and 4/5 of a second term and who was disabled as a result of an injury in connection with the performance of his judicial duties.

Election of the benefits of this legislation had to be made by County Court judges by August 11, 1963, or within 30 days of the date the judge became eligible for membership in a pension system.

These payments are made by the Central Pension Fund.

97.22 WIDOWS OF COUNTY COURT JUDGES - N.J.R.S. 2A:3-21.4 et seq. provides an annual pension of 25% of the judge's salary at death or retirement if the judge elected this coverage in accordance with N.J.R.S. 2A:3-21.8 in lieu of the benefits of a pension system.

These payments are made by the Central Pension Fund.

97.23 STANDING MASTER - N.J.R.S. 43:6-6.23 and 6.25 provide a pension of one-half of final salary to any Standing Master who;

- (a) Served in such position an aggregate of at least 10 years and has attained age 70, or
- (b) Is determined by the Governor, on medical advice, to be permanently disabled.

In the event of death before or after retirement, the widow of the Standing Master will be entitled to receive an annual pension of 25% of the judge's salary.

These payments are made by the Central Pension Fund.

NON-CONTRIBUTORY PENSION LEGISLATION
OTHER NON-CONTRIBUTORY ACTS

- 97.24 FORMER CHIEF JUSTICE - N.J.R.S. 43:6-6.27 provides a pension of one-half of final salary to any former Chief Justice of the old Supreme Court who served at least 10 years in such position prior to September 15, 1948, and shall have attained 70 years of age.

In the event of death of the former Chief Justice, his widow will be entitled to receive an annual pension of 25% of the judge's salary.

These payments are made by the Central Pension Fund.

- 97.25 WIDOWS OF CERTAIN JUDICIAL OFFICERS - N.J.R.S. 43:6-6.8 provides a pension of one-fourth of final salary to the widows of certain judicial officers; N.J.R.S. 43:6-6.12 provides an annual pension of \$4,500 to the widows of certain Vice-Chancellors.

These payments are made by the Central Pension Fund.

- 97.3 FULL-TIME DISTRICT COURT JUDGES (RETIRED AS OF MAY 20, 1949) - N.J.R.S. 43:9-25, et seq. provides a pension of one-half of final salary to a former full-time District Court judge who retired at age 79 after 36 years of service.

- 97.4 JUDGE, COMMON PLEAS COURT IN FIRST CLASS COUNTY (RETIRED AS OF MAY 20, 1949) - N.J.R.S. 43:9-24 provides, to a judge of the Court of Common Pleas in a first class county who retired after 27 years of service, a pension of \$8,000 per year.

- 97.5 FORMER JUDICIAL OFFICERS IN SECOND CLASS COUNTIES - N.J.R.S. 43:9-27.1 provides for the payment of a pension, at the discretion of the governing body of the county, of one-half of final salary to any former judicial officer, more than 67 years old, who has served as a judge of the Criminal Judicial District Court, of the Court of Common Pleas and of the County Court in any county of the second class for a period in excess of 17 years in the aggregate.

NON-CONTRIBUTORY PENSION LEGISLATION
OTHER NON-CONTRIBUTORY ACTS

- 97.6 CERTAIN PUBLIC OFFICERS IN FIRST CLASS COUNTIES - N.J.R.S. 43:9-27.2 provides for the payment of a pension of one-half of salary in the last year of service, at the discretion of the governing body of the county, after 20 years service in the county including not less than 15 years as a judge of the Court of Common Pleas and on attainment of age 75.

The county treasurer will make payment semi-monthly in the same manner as other county pensions are paid.

- 97.7 WIDOWS OF GOVERNORS - N.J.R.S. 43:8-2 provides a pension of \$2,500 per year to the widow of any Governor of the State.

These payments are made by the Central Pension Fund.

- 97.8 BLIND VETERANS - N.J.R.S. 38:18-1, et seq. provides for the payment of a pension of \$500 per year to any veteran who is totally blind as a result of his military service.

These payments are made by the Central Pension Fund.

- 97.9 DISABLED VETERANS - N.J.R.S. 38:18A-1, et seq. provides for the payment of a pension of \$500 per year to any veteran who is disabled, in the following manner, as a result of his military service:

- (a) Quadriplegia--Permanent paralysis of both arms and lower extremities.
- (b) Paraplegia--Permanent paralysis of both legs and lower parts of the body.
- (c) Osteochondritis--Permanent loss of use of both legs.
- (d) Hemiplegia--Permanent paralysis of one leg and one arm, or either side of the body resulting from injury to spinal cord, skeletal structure, or brain.
- (e) Amputation--Both hands, both feet, or one hand and one foot.
- (f) Multiple Sclerosis--Lost use of both feet or both legs.

These payments are made by the Central Pension Fund.

NON-CONTRIBUTORY PENSION LEGISLATION
OTHER NON-CONTRIBUTORY ACTS

- 98.1 OVERSEERS AND DEPUTY OVERSEERS OF THE POOR (RETIRED BEFORE JANUARY 2, 1964) - N.J.R.S. 43:12-28.4 provided that the governing body of any municipality could grant an annual pension not exceeding \$1,000 to a person 75 years of age, or older, who had served the municipality as overseer or deputy overseer of the poor for at least 20 years provided he was not entitled to receive any other New Jersey public pension, and further provided, that application for the pension was made to the municipality prior to November 17, 1964.

The payment of such pensions shall be provided for in the budget of the employer granting the pension.

- 98.2 EMPLOYEES WHO SERVED IN GENERAL ASSEMBLY, AS COUNTY PROSECUTOR AND AS ELECTED OR APPOINTED CITY OFFICIAL AND THEIR WIDOWS - N.J.R.S. 43:12-1.12 provides that any employee, at least age 70, and who served as a member of the General Assembly and as a county prosecutor and as an elected or appointed city official for at least 36 years shall receive a pension of not less than three-fourths of final salary from his last employer.

Widows of such active or retired employees receive a pension of one-half of the employee's final salary at death or retirement.

Any such pension for retired employee or his widow is in lieu of pension and insurance benefits from any New Jersey public retirement system.

The payment of such pensions shall be provided for in the budget of the employer granting the pension.

NON-CONTRIBUTORY PENSION LEGISLATION
OTHER NON-CONTRIBUTORY ACTS

- 98.3 DEPENDENTS OF COUNTY AND MUNICIPAL POLICE AND FIREMEN KILLED IN THE LINE OF DUTY - N.J.R.S. 40:11-22 provides that the governing body of any county or municipality may, by resolution or ordinance, provide for the payment of a pension to the widow and minor children of a uniformed member of a county police or park police department or of a municipal fire, police or park police department, who was killed in the performance of duty. The pension shall not exceed the difference between (a) his salary at death or \$4,000, whichever is lower, and (b) the sum of the aggregate benefits payable to the widow and minor children under any law of this State or of the United States. The pension shall be paid to the widow and minor children, or to the minor child or children if he leaves no widow, or to such minor child or children after the death of such widow.

This pension may be granted only to the dependent survivors of those so killed subsequent to January 1, 1956.

The governing body shall make provision in its budget for the payment of such pension. The amount may be altered or terminated at any time upon review of the governing body.

- 98.4 WIDOWS OR CHILDREN OF VOLUNTEER FIREMEN - N.J.R.S. 43:12-28.1, et seq., as amended, provides that the governing body of any municipality served by a volunteer fire company may, by resolution, provide for the payment of a pension to the widow or minor children of a volunteer fireman who died as a result of injuries sustained in the course of his performance of duty. The pension shall not exceed the sum of \$2,500 per year and shall be paid to the widow, or to the minor child or children if he leaves no widow, or to such minor child or children after the death of such widow.

The payment of such pensions shall be provided for in the budget of the employer granting the pension.

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

100. INTRODUCTION - On July 1, 1963, Chapter 123, P.L. 1963 was approved, establishing the Supplemental Annuity Collective Trust of New Jersey. This legislation permits active members of the several retirement systems which are administered by the State of New Jersey to make voluntary additional contributions through their retirement systems to purchase variable retirement annuities to supplement the guaranteed benefits which are provided by their basic retirement systems. The program was designed to assist public employees in New Jersey in resolving a problem which most people face after retirement - the decline in the purchasing power of their fixed retirement income.
- 100.1 DEVELOPMENT OF THE PROGRAM - In the decade 1952-62, New Jersey took several steps to aid its public employees in finding a solution to this problem. The benefit structures of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund were revised from money purchase plans to guaranteed benefit plans which were based on final salaries. A benefit which is based on final salaries, invariably the highest that an employee receives during the entire period of his active employment, provides a retirement benefit that bears a close relationship to final salaries and, to this extent, takes cognizance of the inflation which occurred during the years of his active employment. The 212 local police and fire retirement systems were consolidated in 1953 and substantial additional contributions from local employers and the State have been required to fund the liabilities of this guaranteed benefit program.

In 1955 the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund were integrated with Social Security. Integration, in addition to providing improved benefits for dependents and survivors and permitting life insurance coverage for members of the retirement systems, provided another hedge against inflation. Increases in Federal Social Security benefits accrue to the benefit of the retiring member in addition to the guaranteed benefit of his basic retirement system. Political and economic pressures will undoubtedly lead to further increases in Social Security benefits and all members of the integrated retirement systems will benefit from these increases.

SUPPLEMENTAL VARIABLE ANNUITY PROGRAM

Public employees in New Jersey who retired before integration of the major retirement systems with Social Security have not been overlooked. On several occasions legislation has provided increased retirement benefits to employees who retired before 1955.

Improvements in retirement programs in the last decade have caused a tremendous increase in the cost of pensions for the State of New Jersey and local employers in the State.

Why do pensions cost so much? Assuming a 4% interest rate and, on the basis of mortality tables which are used by the Teachers' Pension and Annuity Fund, \$15,831.60 must be provided for a female teacher who retires at 60 years of age on a benefit of \$100 a month for the remainder of her life. Of course, had she continued in active employment until age 65, \$14,000 would have been required and \$12,000 had she continued in active employment until age 70. These amounts clearly illustrate that a very substantial sum is required at retirement in order to provide the retiring member with even a very modest retirement income. In order to provide these monies it is necessary that the combined contributions or savings by the employer and the employee must be steady and must be spread over a prolonged period of time. If contributions can be invested in fixed income securities at an attractive rate of interest, it is obvious that less contributions will be required. If contributions can be invested in equity securities which may reasonably be expected to appreciate over a long period of time, still less contributions are required to provide the same annuity. On the basis of this consideration the Supplemental Variable Annuity program was developed for public employees in the State of New Jersey.

100.2 VARIABLE ANNUITY PROGRAM - The legislation which created the Supplemental Annuity Collective Trust provided that public employees could purchase either a variable annuity or a fixed annuity. However, when the Division of Pensions circularized public employees in the State, it found that the great majority preferred a variable annuity to supplement the fixed benefit of their basic retirement system even though the concept of a variable annuity was entirely new to many of them. It was therefore decided to offer only a variable annuity.

SUPPLEMENTAL VARIABLE ANNUITY PROGRAM

There are two phases in the variable annuity program: the pay-in phase (contributions) and the pay-out phase (annuity). A long range program that covers the working lifetime of a member, as well as his years of retirement, makes the variable annuity program effective and reduces the hazards and uncertainty of investment in equity securities. The investment in common stocks over a long period of time tends to avoid the unfavorable results of short-term fluctuations in the value of equity securities. It permits "dollar averaging" in the purchase of equity securities with more shares being purchased at low prices than at high prices. In the purchase of common stocks for the Supplemental Variable Annuity program, participants are not "playing the market", they are dollar averaging.

Each participant should realize, however, that there are risks in the purchase of any variable annuity. Although past experience is our best guide, there is no guarantee that a variable annuity will provide more retirement dollars than would a fixed annuity, even in a period of rising prices. After retirement there will certainly be months and years in which the benefit from the variable annuity will provide less income than it would in some previous months even though the benefit is greater than would have been derived from a fixed annuity. A decline in the monthly benefit can be disturbing unless the retired member has prepared himself to accept temporary decreases, as well as increases, in monthly dollar benefits.

All members of the State administered retirement systems were asked if they wished to enroll in the Supplemental Variable Annuity program and more than 13,000 public employees indicated that they wanted to participate. On May 12, 1964, the Supplemental Annuity Council determined that the Supplemental Variable Annuity program would be inaugurated on July 1, 1964 and payroll deductions began on that date.

Any member of a State administered retirement system may enroll in the program as of the beginning of any calendar quarter by submitting a completed enrollment application form through his employer to the Division of Pensions.

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

- 101 ADMINISTRATIVE PROCEDURES FOR THE SUPPLEMENTAL VARIABLE ANNUITY PROGRAM - The following sections describe the plan available to all eligible members. Sections 105-109 describe the tax sheltered annuity approach available only to certain members.
- 101.1 ELIGIBILITY - Any active member of the following retirement systems may enroll in the program at the beginning of any calendar quarter: Public Employees' Retirement System, Teachers' Pension and Annuity Fund, Police and Firemen's Retirement System, Consolidated Police and Firemen's Pension Fund, Prison Officers' Pension Fund and the State Police Retirement System.
- 101.2 ADMINISTRATION - A council consisting of the State Treasurer, the Commissioner of Banking and Insurance and the State Budget Director is responsible for the control and management of the Supplemental Variable Annuity program. The Attorney General is the legal advisor and an independent actuary will periodically review its operations. All costs of administration will be borne by the State of New Jersey. The records of the program will be audited by the Department of Banking and Insurance and the State Auditor.
- 101.3 INVESTMENTS - Contributions to the Supplemental Variable Annuity shall be invested principally in common stocks and other equity securities. Income including gains or losses on the sale of securities and increases or decreases in the market value of investments will be distributed to all participants and annuitants at least once each calendar quarter. The State Investment Council through the Division of Investment of the State of New Jersey will recommend the purchase or sale of securities for approval by the Supplemental Annuity Council.
- 101.4 ENROLLMENT -
- a. Any member of a State administered retirement system may enroll in the Supplemental Annuity program at any time by completing a Supplemental Annuity enrollment application form. Enrollment will be effective only at the beginning of a calendar quarter except:

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

1. 10 month employees of boards of education may enroll as of September 1, at the beginning of the school term.
 2. New members of a State retirement system may enroll in the Supplemental Variable Annuity on their date of enrollment in the retirement system.
- b. If employees wish to enroll in the Supplemental Annuity program, employers should promptly send the completed enrollment applications (section 104.4) to the Supplemental Annuity program in the Division of Pensions. No employer shall begin payroll deductions for the Supplemental Variable Annuity program for any employee until the employer has received a certification of deductions (section 104.1) for the program from the Division of Pensions.

102.1 CONTRIBUTIONS -

- a. Participants may contribute 1 to 10% of base salary through payroll deductions; in order to facilitate administration no fractional percentage of salary will be certified.
- b. Contributions shall be in full dollar amounts (no cents) per calendar quarter rounded to the nearest dollar (\$.50 and over rounded to the next higher dollar).
- c. Contributions will be calculated on the base salary on which pension contributions are determined.
- d. Participants may discontinue contributions, or alter their percentage of contributions to the Supplemental Variable Annuity program as of the beginning of any calendar quarter. If the employee wishes to effect either of these changes, he should complete the "Application for Change of Contribution Rate" form (section 104.6) and submit it to the Division of Pensions through his employer at least 30 days prior to the start of the quarter. No employer is authorized to make any change in percentage of contributions or to discontinue contributions for any member until he has received a certification to that effect from the Division of Pensions.

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

- e. A participant who has authorized payroll deductions may also make lump sum contributions in the third month of a calendar quarter by direct payment on a "Personal Contributions" form (section 104.7) in full dollar amounts of not less than \$50. However, no participant may contribute more than 10% of his base salary by payroll deductions and lump sum payments combined, in any one year.
- f. Contributions to the Supplemental Variable Annuity program will cease at retirement, death, or on termination of membership in a State retirement program; for this purpose, the term "retirement" includes all types of retirement including service, early, vesting and disability retirement. An inactive member of a retirement system will remain in the Supplemental Annuity program as an inactive member but he may not make contributions to the Supplemental Annuity program during the inactive period.

102.2 REMITTANCE AND REPORTING OF CONTRIBUTIONS -

- a. Employers will remit Supplemental Variable Annuity contributions monthly to the Division of Pensions on a revised "Monthly Transmittal of Contributions" form (section 104.2) for the first 2 months of each calendar quarter. Remittances for the third month of each quarter will be remitted on a quarterly transmittal form as explained below. Remittances should be made payable to the retirement system, Supplemental Annuity; for example, "Public Employees' Retirement System, Supplemental Annuity," and are due in the Division of Pensions by the 15th of the following month, e.g. payroll deductions in January are due February 15th, along with all other pension deductions.
- b. Quarterly contributions will be projected in a new column on the Quarterly Report of Contributions. The quarterly report will indicate the percentage rate for the appropriate individuals and also the projected quarterly dollar contributions based on the application of the percentage rate to the quarterly base salary. Contributions for the third month of each calendar quarter will be remitted with the revised "Quarterly Transmittal of Contributions" form (section 104.3) and the Quarterly Report of Contributions. Employers are asked to reconcile the amount of all remittances for the quarter with the total Supplemental Annuity contributions shown on the Quarterly Report of Contributions, as they do for all other pension deductions.

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

- 102.3 ANNUAL STATEMENT TO PARTICIPANTS - Each participant in the Supplemental Variable Annuity program will receive an annual statement of his accumulation account during active membership showing:
- a. The total dollar amount of his contributions to the program for the current year and the entire period of his participation.
 - b. The value of his account as of the date of the statement. This amount will reflect his share of income including gains or losses and appreciation or depreciation in the market value of the underlying assets of the program to the date of the statement.
 - c. The total number of equity units credited to his accumulation account.

103.1 RETIREMENT -

- a. At retirement from a State retirement system a participant shall be paid a variable life annuity unless he files a written application prior to retirement requesting one of the following:
 1. A single cash payment of the value of his account at the close of the month of retirement or
 2. The actuarial equivalent as a lesser annuity for life with the provision that:
 - (a) In the event of the death of the retirant prior to the expiration of 5 years from the effective date of the annuity, the annuity will be continued to a designated beneficiary for the remainder of the 5 year period.
 - (b) Same as (a) above except for 10 years from effective date of annuity.
 - (c) Upon the death of the retirant the same variable annuity shall be paid, for life, to such person as shall be nominated by written designation duly acknowledged and filed with the Council at the time of his retirement.

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

(d) Same as (c) above except beneficiary will receive
1/2 of retirant's variable annuity.

- b. A separate retirement application form must be filed for a Supplemental Variable Annuity benefit.
- c. No monthly annuity of less than \$10 can be paid; a single cash payment will be paid to the retiring member or to his beneficiary, as appropriate, in lieu of a monthly annuity.

103.2 DEATH BEFORE RETIREMENT -

- a. If a participant dies before retirement a lump sum payment equal to the value of his account on the last day of the month of his death will be paid to his designated beneficiary or to his estate if his beneficiary predeceased him or he did not name a specific beneficiary.
- b. However, if the participant's designated beneficiary is a natural person, the beneficiary may elect, in lieu of a lump sum payment, an annuity under any of the methods of settlement which a retirant would be eligible to receive, as detailed in "Retirement" above.
- c. The primary and contingent beneficiary of active participants in the Supplemental Variable Annuity program shall be the same as were designated for the return of accumulated contributions in the basic retirement system unless otherwise specifically designated. In those retirement systems which do not provide the return of accumulated contributions on the death of a member, a participant in the Supplemental Annuity program should designate a primary and contingent beneficiary on a "Designation of Beneficiary" form (section 104.5) for this purpose. This same form should be used if a change in beneficiary is desired.
- d. A separate application for death benefits must be filed by a beneficiary on the death of a participant for Supplemental Variable Annuity benefits.

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

103.3 WITHDRAWAL -

- a. Withdrawal is not permitted unless:
 - 1. Membership in the basic State administered retirement system is terminated, or
 - 2. The participant's account is less than \$100.
- b. Upon withdrawal from a basic State retirement system, withdrawal from the Supplemental Variable Annuity program is required. See section 104.8.
- c. The amount paid on withdrawal is the value of the participant's account as of the end of the month of termination.

104.1 CERTIFICATION OF DEDUCTIONS

TP-10-21-764

State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS

P. O. BOX #2058
TRENTON, N. J. 08625

CERTIFICATION OF PAYROLL DEDUCTIONS

ALL DEDUCTIONS BEGIN

NAME
MEMBERSHIP NUMBER

ACCUMULATED BASE SALARY
SALARY THIS QUARTER
FULL PENSION RATE
PENSION DEDUCTION
SUPPLEMENTAL VARIABLE ANNUITY
CONTRIBUTORY INSURANCE EFFECTIVE
INSURABILITY REQUIRED

NUMBER OF PAYMENTS	BACK DEDUCTION SCHEDULE	ARREARS SCHEDULE	LOAN SCHEDULE
AMOUNT PER PAYMENT			
TOTAL AMOUNT			

DATE OF BIRTH
DATE OF ENROLLMENT
MONTHS OF PRIOR SERVICE
ENROLLED AS:

Certified for the Retirement System by the Division of Pensions _____ (SEE INSTRUCTIONS ON REVERSE SIDE)

104.2 MONTHLY TRANSMITTAL OF CONTRIBUTIONS (green colored)

T-50-54-1166

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY
MONTHLY TRANSMITTAL OF CONTRIBUTIONS

Box 2058
Trenton, N.J. 08625

(INCLUDING CONTRIBUTORY LIFE INSURANCE, SUPPLEMENTAL ANNUITY & TAX SHELTERED ANNUITY)

For the month of _____, 19____, District Code _____
School District _____, County of _____

- (1) Contribution for all PENSION DEDUCTIONS (Including Loan, Arrears & Back Deduction Payments):
Check Number _____ Date of Check _____ Amount \$ _____
- (2) Contribution for CONTRIBUTORY LIFE INSURANCE only:
Check Number _____ Date of Check _____ Amount \$ _____
- (3) Contribution for SUPPLEMENTAL ANNUITY PROGRAM only:
Check Number _____ Date of Check _____ Amount \$ _____
- (4) Contribution for TAX SHELTERED SUPPLEMENTAL ANNUITY PROGRAM only:
Check Number _____ Date of Check _____ Amount \$ _____

DATE

SIGNATURE OF CHIEF FISCAL OFFICER

READ INSTRUCTIONS ON BACK BEFORE COMPLETING FORM

104.3 QUARTERLY TRANSMITTAL OF CONTRIBUTIONS (green colored)

T-50-56-1166

TEACHERS' PENSION AND ANNUITY FUND
STATE OF NEW JERSEY
QUARTERLY TRANSMITTAL OF CONTRIBUTIONS

Box 2058
Trenton, N.J. 08625

(INCLUDING CONTRIBUTORY LIFE INSURANCE, SUPPLEMENTAL ANNUITY & TAX SHELTERED ANNUITY)

For the quarter ending _____, 196 _____, District Code _____

School District _____, County of _____

Contributions for all PENSION DEDUCTIONS (Including Loan, Arrears & Back Deduction Payments):

- 1. Total Deductions (Total of Column 16 on Quarterly Report of Contributions) \$ _____
Less payments remitted with Forms T-50-54-1166:
- 2. First month of quarter \$ _____
- 3. Second month of quarter _____
- 4. Total (Line 2 plus Line 3) _____
- 5. Balance payable to Fund-check enclosed (Line 1 minus Line 4) \$ _____
- 6. Check Number _____ Date of Check _____

Contributions for CONTRIBUTORY LIFE INSURANCE only:

- 7. Total contributions for the quarter (Total of Column 17 Block H) \$ _____
Less payments remitted with Forms T-50-54-1166:
- 8. First month of quarter \$ _____
- 9. Second month of quarter _____
- 10. Total (Line 8 plus Line 9) _____
- 11. Balance payable to Fund-check enclosed (Line 7 minus Line 10) \$ _____
- 12. Check Number _____ Date of Check _____

Contributions for SUPPLEMENTAL ANNUITY PROGRAM only:

- 13. Total contributions for the quarter (Total of Column 18 Block I) \$ _____
Less payments remitted with Forms T-50-54-1166:
- 14. First month of quarter \$ _____
- 15. Second month of quarter _____
- 16. Total (Line 14 plus Line 15) _____
- 17. Balance payable to Fund-check enclosed (Line 13 minus Line 16) \$ _____
- 18. Check Number _____ Date of Check _____

Contributions for TAX SHELTERED SUPPLEMENTAL ANNUITY PROGRAM only:

- 19. Total contributions for the quarter (Total of Column 18 Block J) \$ _____
Less payments remitted with Forms T-50-54-1166:
- 20. First month of quarter \$ _____
- 21. Second month of quarter _____
- 22. Total (Line 20 plus Line 21) _____
- 23. Balance payable to Fund-check enclosed (Line 19 minus Line 22) \$ _____
- 24. Check Number _____ Date of Check _____

DATE

SIGNATURE OF CHIEF FISCAL OFFICER

READ INSTRUCTIONS ON BACK BEFORE COMPLETING FORM

104.4 ENROLLMENT APPLICATION (Blue Colored)

S-88-31-466

STATE OF NEW JERSEY - DIVISION OF PENSIONS
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST
ENROLLMENT APPLICATION

P.O. BOX 2058
TRENTON, N.J. 08625

SYMBOL _____ Do Not Write In This Box _____
REGISTRATION NO. _____

Part I Please Print or Type:

1. Name: _____ (_____)
Last First Middle Maiden Surname

2. Address: _____
Street City

3. Date of Birth: _____ 4. Sex () M () F
Month Day Year

I am a member of:-

- Public Employees' Retirement System
- Teachers' Pension and Annuity Fund
- Police and Firemen's Retirement System
- Consolidated Police and Firemen's Pension Fund
- State Police Retirement System
- Prison Officer's Pension Fund

My Membership Number in the above Retirement System is _____

I hereby apply for enrollment in the SUPPLEMENTAL ANNUITY COLLECTIVE TRUST and authorize payroll deductions of _____ % (Rates may be only whole percentages i.e. 1%, 2%, 3%, etc. up to 10%, the Maximum Allowable) to purchase a SUPPLEMENTAL VARIABLE ANNUITY.

DESIGNATION OF BENEFICIARY

I hereby nominate: _____ relationship _____

address _____ birth-date _____

as the beneficiary who shall receive payment of any and all amounts due or to become due upon my death, **IF LIVING; OTHERWISE TO**

_____ relationship _____

address _____ birth-date _____

In the absence of a specific request, if multiple beneficiaries are named the following shall apply; "Share & share alike, survivor or survivors".

The benefit will be paid in a single cash payment. If the beneficiary is a natural person, however, he may elect to receive the benefit as an annuity under one of the available options.

Date _____ Signature of Applicant _____

Part II Certification of Employing Agency

I certify that the applicant has correctly indicated the name and membership number of his retirement system and that his annual base salary is \$ _____

State Employees Only
Payroll No. _____ Employee No. _____

Signature of Certifying Agency _____ Employing Agency _____ County _____ Date _____

PLEASE SEE REVERSE SIDE

104.5 DESIGNATION OF BENEFICIARY FORM (blue colored)

S-88-6-664

STATE OF NEW JERSEY - DIVISION OF PENSIONS
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST
DESIGNATION OF BENEFICIARY

P.O. BOX 2058
TRENTON, N.J. 08625

(See information printed on reverse side before completing this form)

THIS FORM SUPERSEDES ALL PRIOR DESIGNATIONS OF BENEFICIARIES
FOR THE SUPPLEMENTAL ANNUITY COLLECTIVE TRUST OF NEW JERSEY

*This form applies only to the Supplemental Annuity Collective Trust of New Jersey.
If you wish to change your beneficiary in your basic retirement system you must write
to the retirement system for an appropriate form.*

I, _____, _____, a member of
(PRINT FULL NAME) (MAIDEN SURNAME)

_____ hereby nominate:
(RETIREMENT SYSTEM) (MEMBERSHIP NUMBER)

_____ relationship _____

address _____ birth-date _____

as the beneficiary who shall receive payment of any and all amounts due or to become due upon my death, IF LIVING;
OTHERWISE TO

_____ relationship _____

address _____ birth-date _____

In the absence of a specific request, if multiple beneficiaries are named the following shall apply; "Share & share alike,
survivor or survivors".

*The benefit will be paid in a single cash payment. If the beneficiary is a natural person, however, he may elect to receive
the benefit as an annuity under one of the available options.*

THIS FORM MUST BE NOTARIZED

SWORN AND SUBSCRIBED BEFORE ME THIS

_____ DAY OF _____ 19 _____

_____) If you have an
(NOTARY PUBLIC)) official seal,
) Affix it.

_____ (DATE)

_____ (SIGNATURE OF PARTICIPANT)

_____ (STREET ADDRESS OF PARTICIPANT)

_____ (CITY) (STATE)

7-1-66, TL #20

FILE FORM IN DUPLICATE

STATE OF NEW JERSEY - DIVISION OF PENSIONS
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST
APPLICATION FOR CHANGE OF CONTRIBUTION RATE

Please change my rate of contribution to the **SUPPLEMENTAL VARIABLE ANNUITY** as follows:-

(Rates may be only whole percentages i.e. 1%, 2%, 3%, etc. up to 10%)

INCREASE from _____ % to _____ %

DECREASE from _____ % to _____ %

DISCONTINUE contributions

Changes are effective only at the beginning of a calendar quarter and on certification from the Division of Pensions. This application should be filed at least 30 days in advance of the calendar quarter in which change is requested.

List name of employer (If more than one list all)

PLEASE PRINT NAME

SIGNATURE OF PARTICIPANT

BASIC RETIREMENT SYSTEM

ADDRESS OF PARTICIPANT

MEMBERSHIP NUMBER IN BASIC
RETIREMENT SYSTEM

<i>FOR USE OF DIVISION OF PENSIONS ONLY</i>			
Received by SACT	_____	Processed by	_____
	Date		Date
IBM certification	_____	By	_____
	Date		

104.7 PERSONAL CONTRIBUTION FORM

S-88-9-664

P.O. BOX 2058
TRENTON, N.J. 08625

STATE OF NEW JERSEY - DIVISION OF PENSIONS
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST
PERSONAL CONTRIBUTION FORM

Participants who are contributing through payroll deductions may also make lump sum contributions in the last month of any calendar quarter in dollar amounts of \$50.00 or more. However, no participant may contribute in excess of 10% of his base salary by lump sum contributions and payroll deductions combined in any year.

Make all checks payable to (Name of your system), Supplemental Annuity for example - Teachers' Pension and Annuity Fund, Supplemental Annuity.

I, _____, membership no. _____
PLEASE PRINT NAME

of _____, forward
RETIREMENT SYSTEM

herewith by Check Money Order the sum of \$ _____ to be credited to my account with the Supplemental Annuity Collective Trust of New Jersey.

SIGNATURE

HOME ADDRESS

*We will acknowledge receipt of this payment and send you another **PERSONAL CONTRIBUTION FORM** for future lump sum payments to the Supplemental Annuity Collective Trust of New Jersey.*

FOR USE OF DIVISION OF PENSIONS ONLY
Received by cash receipts:- Amount \$ _____
Date _____ Cash receipt # _____

104.8 APPLICATION FOR WITHDRAWAL (blue colored)

S-88-32-466

STATE OF NEW JERSEY - DIVISION OF PENSIONS
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST
APPLICATION FOR WITHDRAWAL

P.O. BOX 2058
TRENTON, N.J. 08625

OF

CONTRIBUTIONS TO SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

Part I Please Print or Type:

1. Name: _____ (_____)
Last First Middle Maiden Surname

2. Address: _____
Street City

3. Member of (Check One)

- Public Employees' Retirement System
- Teachers' Pension and Annuity Fund
- Police and Firemen's Retirement System
- Consolidated Police and Firemen's Pension Fund
- State Police Retirement System
- Prison Officer's Pension Fund

4. My Membership Number is _____. I am terminating my membership in the above Pension System and therefore request withdrawal of the value of my account in accordance with the provisions of Chapter 123, P.L. 1963 and the rules and regulations promulgated thereunder.

Witness:

Signature of Witness

Signature of Applicant

Address of Witness (Please Print)

Address to which check is to be mailed (Please Print)

Date

Date

Part II General Information and Regulations

Inasmuch as withdrawal from this Trust is contingent upon withdrawal from your basic retirement system, you will receive payment from the Trust after your withdrawal from the basic retirement system has been processed.

The withdrawal value of your account shall be determined as of the close of the month in which the completed application for withdrawal from your basic retirement system is received by the Division of Pensions or the date of termination of employment covered by the basic retirement system, whichever is later.

DO NOT WRITE IN THIS SPACE - FOR DIVISION USE ONLY

STATE OF NEW JERSEY - DIVISION OF PENSIONS
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST
APPLICATION FOR SETTLEMENT AT RETIREMENT

1. Name _____ 2. Membership Number _____
Last First Middle

3. Mailing Address _____
Street City State

4. Birth Date _____
Month Day Year

I have filed or will file an Application for Retirement with the

_____ effective _____ 19____
Retirement System

and hereby apply for the benefit checked below from the Supplemental Annuity Collective Trust of New Jersey.

- 1. Variable Life Annuity
- 2. A Single Cash Payment
- A Variable Annuity for
- 3. Five Years Certain and Life thereafter
- 4. Ten Years Certain and Life thereafter
- 5. Equal Benefits to Me and My Beneficiary
- 6. My Beneficiary to Receive 1/2 of My Benefits

Designation of beneficiary for any benefits due after my death if he or she survives me, otherwise to the executor or administrator of my estate. (This designation shall apply only after my retirement has become effective.)

Name of Beneficiary _____
First Middle Last

Address _____
Street and Number City State

Sex Relationship to me Birth; month - day - year

Applicant sign here

State of _____ }
County of _____ } ss

Sworn and subscribed before me this _____ day of _____, 19 _____.

Signature of Notary or
Commissioner of Deeds _____
Official Title _____

} If you have an
Official Seal
Affix it

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

105. INTRODUCTION - Chapter 90, P. L. 1965, amended Chapter 123, P. L. 1963 in order to make the benefits of Section 403(b) of the Internal Revenue Code available to eligible public employees in New Jersey. Under these laws the employee enters into a salary reduction agreement with his employer and the employer agrees to send the amount of the reduction to the Supplemental Annuity Collective Trust for the purchase of a variable annuity. Income tax is paid only on the reduced salary and the funds accumulated under the Tax Sheltered plan are free of tax. When the funds are withdrawn after retirement in the form of an annuity or lump sum, or before retirement due to termination of employment, they are subject to taxation as ordinary income. The Social Security Administration has announced that for Social Security (F. I. C. A.) purposes, the full salary, before reduction, is to be reported for its tax and benefits. The Attorney General has held that the provisions of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System would be unaffected by any salary reduction agreement for a tax sheltered annuity. Thus, for pension and insurance purposes, base or contractual salary will be reported and employed for benefits regardless of the salary to be reported for income tax.
106. ELIGIBLE EMPLOYEES - Employees of public educational institutions who are members of the Teachers' Pension and Annuity Fund or the Public Employees' Retirement System are eligible. The list of qualifying employees includes, for example, the superintendent of schools, principal, teacher, janitor, secretary, matron, clerk, maintenance man, etc. Also eligible are employees performing services which indirectly involve a public educational program. This would include employees of the State Department of Education and the staff of the State colleges and schools. Elected officials are not eligible to participate.

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

- 107.1 SALARY REDUCTION AGREEMENTS - Salary reduction agreements must be in the form provided by the Supplemental Annuity Collective Trust (see section 109.1) and must be in effect for at least one year. The rate of salary reduction shall be stated as a percentage of base salary of from 1% to 10%; no fractional percentage will be permitted and the actual reduction shall be in even dollar amounts, rounded to the nearest dollar. The sum of the amounts by which the employee's salary is reduced constitutes the amount which is excluded from income. This must be within the exclusion allowance. Both the employer and the member should keep a copy of the salary reduction agreement. It is not to be sent to the Division of Pensions.
- 107.2 EXCLUSION ALLOWANCE AND WORKSHEET - Section 403(b) of the Federal Internal Revenue Code defines the exclusion allowance as 20% of the member's includible compensation, multiplied by the number of years of service, less all other payments the State or the employer made to the regular pension system and less the amount of all previous salary reduction agreements. The 10% maximum provided under the Variable Annuity Program will permit most eligible employees to take full advantage of the Tax Sheltered Annuity plan without subjecting themselves to additional Federal Income Tax. Practically everyone who is eligible will qualify for up to the maximum 10% reduction for their first year in the program. The Division of Pensions will verify that the member is within his exclusion allowance in the first year when the Enrollment Application (see section 109.2) is received.

The maximum exclusion allowance will vary each year due to changes in salaries and the accumulative effect of the salary reductions and the employer contributions of prior years. Therefore, a new worksheet must be prepared for each calendar year during which a salary reduction agreement is in effect. After the first year, in order to assure that the exclusion allowance is not exceeded, a standard Worksheet will be provided to the member by the Division of Pensions and the member will be able to make his own calculation. A description of the items appearing on the Worksheet (see section 109.3) follows:

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

- A. Annual Salary - This is not the salary for the school year, but is the contractual or base salary for the calendar year. Since salaries change with the beginning of school in July for 12-month employees and in September for 10-month employees, the salaries for the calendar year may reflect salaries at one rate for 6 months and at another rate for the remaining 4 or 6 months of the calendar year.
- B. Years of Service - This can be obtained from the annual statement issued to the member by the Division of Pensions.
- C. Annual Employer's Contribution - After the first year, this will be provided annually to the member by the Division of Pensions. A normal salary increment is assumed in the determination of this figure.
- D. Salary Reduction - The percentage of salary reduction agreed upon by the employee and employer is applied to the annual salary as determined in A. As previously indicated, 10% is the maximum permitted.

Items 1 through 9 - The steps indicated in these items should then be completed. In most cases the exclusion allowance will be more than sufficient to permit up to the 10% salary reduction. If this is not the case, then the percentage of salary reduction should be decreased and the worksheet recalculated until item D is less than item 9. If this recalculation is not made, the amount by which item 9 exceeds item D must be included in the employee's income tax return as taxable income.

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

- 107.3 ENROLLMENT - After the eligible member has entered into an agreement with his employer, he must fill out the Enrollment Application (see section 109.2). The employer must complete Part II, Certification of Employing Agency, and forward the application to the Division of Pensions, Supplemental Annuity System. The salary reduction shall commence at the beginning of the calendar quarter, except:
- a. 10-month employees of Board of Education may enroll as of September 1.
 - b. New employees may enroll at the time of enrollment in the basic retirement system.
- 107.4 CHANGES IN RATE OF SALARY REDUCTION - Changes in the rate of salary reduction may be made after the first year by entering into a new agreement with the employer as of the start of a calendar quarter and the revised agreement must be continued in force for at least one year before further changes may be made. Notice of the change shall be filed with the system at least 30 days prior to the effective date on "Notice of Change in Salary Reduction Agreement" form (see section 109.4).
- 107.5 REMITTANCES AND REPORTING OF SALARY REDUCTIONS -
- A. Employers will remit the salary reductions of their employees to the System no later than the 15th of the month following the month in which the reductions were made on a "Monthly Transmittal of Contributions" form (see section 104.2) for the first two months of each calendar quarter. Remittances for the third month of each quarter will be remitted on a "Quarterly Transmittal of Contributions" form (see section 104.3), along with the "Quarterly Report of Contributions." The checks should be made payable to the "Supplemental Annuity Collective Trust-Tax Sheltered."

SUPPLEMENTAL VARIABLE ANNUITY
PROGRAM

B. Quarterly reductions will be projected as a second line item in the Supplemental Annuity column, column 18, on the "Quarterly Report of Contributions" form. The percentage rate will also be shown and in the "Remarks" column the letters "T.S.A." will appear. Employers are asked to reconcile the amount of all remittances for the quarter with the total Tax Sheltered Annuity contributions shown on the "Quarterly Report of Contributions", as they do for all other pension deductions. If the employer has members in both the tax sheltered and the non-tax sheltered programs, he will please note that there are separate sections for each program on the "Quarterly Report of Contributions" form.

107.6 RECORDS TO BE MAINTAINED - The member is required by law to maintain such records as will enable him to prepare a complete and accurate income tax return and such records should be retained as long as their content may be material. Copies of the annual salary reduction agreements, worksheets, statements from the Supplemental Annuity Collective Trust, enrollment and other certifications should be kept. These records must demonstrate that the salary reduction is within the exclusion allowance, and, if it is not, that the difference has been included in the gross income subject to income tax.

107.7 ANNUAL STATEMENT TO PARTICIPANTS - This statement will be similar to that described in section 102.3.

108. RETIREMENT, DEATH BEFORE RETIREMENT AND WITHDRAWAL - These provisions are similar to those discussed in sections 103.1 - 103.3.

In the event the member is also participating in the non-tax sheltered Variable Annuity program, both amounts will be combined in one benefit.

109.1 SALARY REDUCTION AGREEMENT (white colored)

STATE OF NEW JERSEY—DIVISION OF PENSIONS
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

Salary Reduction Agreement

It is hereby agreed by and between _____, employee and _____, employer, that the employee agrees to a reduction in the amount of his salary in return for the employer's agreement to use the amount of such reduction in salary to purchase on behalf of the employee, an annuity which qualifies under the provisions of section 403 (b) of the Internal Revenue Code of 1954, as amended.

For such purposes, the employee hereby authorizes and the employer agrees to:

1. **REDUCE** the employee's _____ cash compensation beginning _____ (payroll period) _____, 19 _____, and for subsequent payroll periods by _____%, the amount of the reduction to be rounded to the nearest whole dollar (*no cents*). This agreement shall remain in force for at least one year without modification unless cancelled because of termination of the employment relationship. It shall continue as specified above unless terminated or modified after one year. Notice of termination or modification shall be given in writing prior to any anniversary date.

2. **REMIT** monthly to the Supplemental Annuity Collective Trust of New Jersey, the sum of such reduction in cash compensation as premiums on the annuity which is purchased by the employer on behalf of the employee pursuant to the provisions of Chapter 123, P. L. 1963, as amended and supplemented.

3. The employee's rights to the annuity purchased by the employer on the employee's behalf pursuant hereto shall be non-forfeitable.

.....
Name of Employing Agency

.....
Employee's Signature

.....
Address of Employing Agency

.....
Retirement System

.....
Signature & Title of Employer's Agent

.....
Date

.....
Membership Number

STATE OF NEW JERSEY - DIVISION OF PENSIONS
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

TAX SHELTERED WORKSHEET
(SEE INSTRUCTIONS ON REVERSE SIDE)

Name _____ M.S. No. _____

Date of Computation _____ for taxable year _____

- A. Annual salary \$ _____
- B. Years of service at start of the year _____
- C. Annual employer's contribution to State pension system \$ _____
- D. Salary reduction =
" A " multiplied by proposed percentage of salary reduction if full year. \$ _____
(If not full year, see instructions.)

-
- 1. 20% of A \$ _____
 - 2. Years of Service to end of Year = B + 1 _____
 - 3. Line 1 × Line 2 \$ _____
 - 4. Employer's Contributions at Start of Year = B × C \$ _____
 - 5. Salary Reductions of all Prior Years \$ _____
 - 6. Total of all Prior Exclusions = Line 4 + Line 5 \$ _____
 - 7. Line 3 - Line 6 \$ _____
 - 8. 1.0 + (20% of Line 2 = _____) _____
 - 9. Maximum Exclusion Allowance = Line 7 ÷ Line 8 \$ _____

* Note - If D is less than Line 9, salary reduction is within allowable limits. If D is greater than Line 9, the proposed percentage of salary reduction should be decreased, and a new calculation made until the salary reduction is less than Line 9.

FOR YOUR USE

STATE OF NEW JERSEY - DIVISION OF PENSIONS
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST
CHANGE IN SALARY REDUCTION AGREEMENT
TAX SHELTERED ANNUITY PROGRAM

Please Print or Type:

1. Name: _____ (_____)
Last First Middle Maiden Surname

2. Address: _____
Street City

Member of:- (Check One)

Teachers' Pension and Annuity Fund Public Employees' Retirement System

Membership Number in the above Retirement System is _____ .

Please be advised that a new salary reduction agreement has been entered into with the above member and the salary reduction has been revised as indicated:

INCREASED from _____ % to _____ % .

DECREASED from _____ % to _____ % .

DISCONTINUED agreement

EFFECTIVE DATE _____ .

I certify that the salary reduction agreement with the employee indicated above has been revised and that the percentage of salary reduction, Pension System membership number and effective date are correctly stated.

State Employees Only
Payroll No. _____ Employee No. _____

Signature of Certifying Agent _____ Employing Agency _____ County _____ Date _____

GENERAL INFORMATION & REGULATIONS

The rate of salary reduction shall be stated as a percentage of base salary of from 1% to 10%; no fractional percentages will be permitted and the actual reduction shall be in even dollar amounts rounded to the nearest dollar (\$.50 and over rounded to the next higher dollar).

Salary reduction agreements shall remain in force for at least one year without modification. Changes in the rate of contribution may be made thereafter as of the start of a calendar quarter and the revised agreement must be continued in force for at least one year before further changes may be made. Notice of change shall be filed with the Trust at least 30 days prior to the effective date.

HEALTH BENEFITS STATE PROGRAM

110. INTRODUCTION - Prior to 1961 employees of the State could authorize payroll deductions for voluntary participation in the community-rated New Jersey Blue Cross and/or Blue Shield plans. However, for many years public employee organizations in the State, principally representing State employees, had supported efforts to improve health benefit coverage for their members. Effective July 1, 1961, chapter 49 of the Laws of 1961 established a State program of health benefits providing the first experience-rated program underwritten by the New Jersey Blue Cross and Blue Shield plans as well as a major medical program underwritten by the Prudential Insurance Company of America. The program went into effect three months later in October of 1961.

Under the statute, the State Health Benefits Commission, composed of the State Treasurer, the Commissioner of the Department of Banking and Insurance and the President of the Civil Service Commission, was authorized to solicit bids and award contracts for hospitalization, medical-surgical and major medical insurance benefits, with the cost to be incurred by the State for employee coverage. Optional coverage for dependents was to be provided at the employee's expense. Each enrolled employee received certificates outlining the benefits provided in the master contracts underwritten by the several carriers. It was contemplated that the experience-rated plan would offer reduced costs to employer and employee alike, permitting necessary liberalizations at a time when medical costs were increasing progressively each year.

- 110.1 EXTENSION TO ALL PUBLIC EMPLOYERS - The liberal benefit provisions, the employer's participation in paying for employee costs, and experience-rating attracted both public employers and employees in New Jersey to seek the extension of the State plan to employees of all public employers in the State. Employers were particularly interested in establishing a uniform program of health benefits, whose administration would remove the consideration of the award of the plan, the payment of a commission and the approval or disapproval of benefits in individual cases, from the realm of political patronage and influence. The major employee organizations were likewise interested in a uniform health insurance program for all employees so that employees could freely transfer from one covered employer to another without the loss of

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protection, while it was also recognized that it was virtually impossible for many public employers, with few employees, to obtain a comprehensive health benefit program at a reasonable cost.

Effective July 1, 1964, chapter 125 of the Laws of 1964 amended the State Health Benefits plan to permit coverage for local public employees at the option of each public employer. The Division of Pensions, which was assigned the responsibility of administering the program, worked extensively with the insurance carriers in developing administrative procedures and, on March 1, 1965, the initial local employers began participation in the "New Jersey Public and School Employees Health Benefits Plan." Already, several hundred public employers--municipalities, counties, boards of education and public agencies--have extended coverage to their employees.

Effective July 1, 1966, chapter 191 of the Laws of 1966 was approved. This legislation liberalized the benefits of the program for all State and local employees covered by the plan.

110.2 ELEMENTS OF THE STATE HEALTH BENEFITS PROGRAM - There are four elements as follows:

- a. Basic hospital benefits of New Jersey Blue Cross
- b. Basic medical-surgical benefits of New Jersey Blue Shield
- c. Major medical benefits underwritten by the Prudential Insurance Company, and
- d. Complementary coverage provided for active and retired employees and their dependents over the age of 65 who are covered by both Parts A and B of the Federal Medicare program. Please see section 110.7 regarding such Complementary Medicare coverage.

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- 110.3 BASIC HOSPITAL BENEFITS - The Basic Hospital Plan offers subscribers an unmatched package of protection that can be summed up in two words: "Service Benefits." This program provides protection beyond a cash allowance, which might well be inadequate, to be applied toward the individual's hospital bill. Through the cooperation of nearly 250 contracting hospitals in New Jersey and adjacent states, the Basic Hospital Plan makes available care and treatment--comprehensive service benefits, not cash indemnity-- for subscribers.

The value of the service benefits principle lies in its flexibility. The average person hasn't the ability to foresee the exact financial requirements of hospital care, because illness or accident usually is unexpected, and each case requires different care and treatment. Thus, the Basic Hospital Plan--which has a record of covering hospital bills for 8 out of 10 New Jersey subscribers "in full"-- gives maximum protection.

Another "plus" of the Basic Hospital Plan is its relationship with 76 Blue Cross Plans throughout the United States. Each of these Plans is linked through a national association which processes claims for hospital care of eligible subscribers wherever they may be. In this service network, more than 6,000 hospitals cooperate.

Thus, a New Jersey subscriber injured in an auto accident or taken ill in Utah would receive the same service benefits given to Utah subscribers in any cooperating local hospital, for the number of benefit days to which he is entitled under the New Jersey Plan. It takes only a few minutes for the subscriber's membership to be verified through a high-speed teletype system.

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110.31 HOSPITAL DEFINED - A hospital is an institution which qualifies, under the laws governing hospital service corporations, to render hospital care.

A "Member Hospital" is one which has agreed with New Jersey Blue Cross to provide covered-in-full services to subscribers.

A "member hospital of another Blue Cross Plan" is one which has agreed with that Plan to provide its contract services to subscribers.

A "non-member hospital" is any hospital which does not have an agreement with any Blue Cross Plan and which is not other than incidentally used as a rest or nursing facility, or facility for the aged, or for care and treatment of drug addicts or alcoholics.

110.32 BENEFIT YEAR - The member hospitals have agreed to provide Blue Cross subscribers with covered-in-full services in semi-private accommodations. When a subscriber is admitted to any of these hospitals, his bed and board, including special diets and general nursing care (but not private duty nurses) are covered in full, except as limited herein, for the number of benefit days to which he is entitled each Benefit Year.

A "Benefit Year" starts with the date a covered person is first admitted to a hospital as a bed-patient and ends 12 months after it began. However, a new Benefit Year cannot begin until a 90-day period has elapsed during which there has been no confinement. This restriction on a new Benefit Year does not apply for readmissions due to totally unrelated ailments. A Benefit Year is applied separately for each covered person.

110.33 LENGTH OF STAY - The subscriber and his covered dependents are each eligible for up to 120 days of care as a hospitalized bed-patient during each Benefit Year. There are, however, these limitations--

20 days are allowed for tuberculosis, mental or nervous conditions, alcoholism, poliomyelitis and other contagious diseases.

20 days are allowed in all hospitals operated by a governmental body or agency, except that, in Member Hospitals located in New Jersey and operated by a county or municipality, the regular 120 days are eligible.

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Where a person uses benefits for all 120 days, an allowance of \$5 per day toward eligible hospital charges is paid by Blue Cross for an additional 245 days in the same Benefit Year. However, this additional allowance will not be paid in the situations described above, where hospital care is limited to 20 days.

Persons aged 65 and over are entitled to receive less than 120 days and do not receive the \$5 daily allowance described above. The benefits they may receive to supplement Medicare are noted in section 110.7.

- 110.34 PRIVATE ACCOMMODATIONS - When a subscriber occupies a private room in a New Jersey Member Hospital, he is covered in full for the same wide range of services as in semi-private accommodations. He will have to pay the difference between the hospital's charges for the private room and the average semi-private room and board rate in the same area of service of the hospital.
- 110.35 ESSENTIAL SERVICES - These essential services when charged for by the hospital are also fully covered if they are consistent with the diagnosis and treatment of the illness or injury for which a subscriber is hospitalized:
- a. Use of operating, cystoscopic, delivery and treatment rooms and equipment
 - b. Use of recovery room and equipment
 - c. Laboratory examinations
 - d. X-ray examinations
 - e. All recognized drugs and medicines for use in and customarily supplied by the hospital
 - f. Oxygen and use of equipment for its administration
 - g. Dressings and plaster casts
 - h. Sera, vaccines, intravenous preparations and visualizing dyes

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- i. Use of blood transfusion equipment and administration of blood by a hospital employee
- j. Anesthesia supplies and use of anesthesia equipment; administration of anesthetics by a hospital employee
- k. Basal metabolic examinations
- l. Use of cardiographic and electro-encephalographic equipment, and services of hospital employees in connection with its use
- m. Use of physiotherapeutic and hydrotherapeutic equipment and treatment rendered by a hospital employee

110.36 OUTPATIENT CARE - If a subscriber is not admitted as a bed-patient, but uses a hospital's outpatient department for treatment of accidental injury or when certain minor surgical procedures are required, full coverage is provided in New Jersey Member Hospitals for the same services that are eligible for inpatients with the exception of bed, board and physical therapy. Up to \$20 per day will be allowed in any other approved hospital.

110.4 BASIC MEDICAL-SURGICAL BENEFITS - Basic medical, surgical and obstetrical benefits provided by Medical-Surgical Plan of New Jersey are for eligible services rendered by fully-licensed Physicians, Doctors of Podiatry and Doctors of Dental Surgery.

As indicated, the term "doctor" (eligible physician) as used herein means any physician fully licensed to practice medicine and surgery (M. D. or D. O.) and also includes Doctors of Dental Surgery (D. D. S.) and Doctors of Podiatry (D. P.).

A most important feature of this protection is the cooperation of more than 7,000 New Jersey Blue Shield Participating Doctors, who have signed agreements with the Plan to extend service benefits in qualified cases.

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The service benefits provision means that a Participating Doctor accepts the Plan's allowance for eligible services as full payment when the subscriber's income is within a specified limit. The annual limit is \$7,500, counting the income of the employee and spouse if any, unless the employee is single and has no dependents eligible for coverage, in which event the annual limit is \$5,000. Thus service benefits make the best possible medical care available to all economic levels, and thousands of subscribers have their doctor bills paid in full, through this arrangement between Blue Shield and its Participating Doctors.

For subscribers whose incomes do not qualify them for service benefits, or who are within the income limits but receive services from a nonparticipating doctor, the Plan's allowance, in the great majority of cases, represents a very substantial portion of the doctor's total charges. The balance, in such cases, is the responsibility of the patient. Allowances are governed by the Blue Shield schedule of maximum plan payments, and are the same for services by any eligible doctor, anywhere, regardless of the subscriber's income. The important difference is that when a subscriber's income qualifies him for service benefits, he will have no additional charges to pay when covered services are rendered by a Participating Doctor.

More than 2,000 surgical, medical and obstetrical procedures are covered by Blue Shield. Some of these are eligible when rendered in a doctor's office or a hospital outpatient department, as well as to a hospital inpatient. In time of illness or accident anywhere in the world, Blue Shield protection puts the finest medical skill obtainable within the financial reach of anyone.

- 110.41 SURGICAL CARE - Benefits are provided for surgery required by the subscriber or his covered dependents as hospital bed-patients or when performed in the hospital outpatient department.
- 110.42 ANESTHESIA - Benefits are available for the services of a physician anesthetist, other than the operating surgeon or his assistant, who administers anesthesia for a covered surgical or obstetrical procedure.

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- 110.43 MEDICAL CARE - The subscriber or his covered dependent may receive benefits for up to 21 days of in-hospital medical (non-surgical) care visits by a physician during a covered hospital admission. The same benefits are provided for care of a premature infant weighing 5 lbs. or less, or care of a newborn infant having a diagnosed condition. When successive hospital stays are separated by 90 days between discharge and readmission, they are considered separate admissions.
- 110.44 CONSULTATION - The Basic Plan provides for one consultation by a doctor during each hospital stay if requested by the attending physician.
- 110.45 ACCIDENTAL INJURY - Benefits of up to \$10 are provided for emergency medical treatment of accidental injury from external cause, in the outpatient department or outside of hospital, if treatment starts within 48 hours of the accident. Emergency surgical services for accidental injury, rendered outside of hospital and commencing within 48 hours of the accident, are also covered by Blue Shield.
- 110.46 MATERNITY CARE - Maternity hospital services in a Member Hospital for any condition related to pregnancy, including childbirth or miscarriage, are covered for the wife under Family coverage for up to 7 days during any one pregnancy. If major cutting surgery is required (such as Cesarean Section), an additional 2 days are provided. If the maternity hospital services are in a member hospital of another Blue Cross Plan or in a non-member hospital, payment under the Basic Plan may not be payment-in-full.

Obstetrical services by a physician, including delivery, prenatal care and postnatal care up to 14 days, are also covered for the wife under Family coverage, as are anesthesia services incident to delivery by a physician other than the attending physician. These benefits are payable regardless of where the services are rendered.

A physician's hospital visits to attend a case involving severe complications of pregnancy (but not false labor) are eligible for any unused portion of the 21 medical care days described in section 110.43.

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- 110.47 MATERNITY WAITING PERIOD - Basic Maternity Benefits are available only after 240 days of continuous enrollment under Family Coverage. However, an enrolled Subscriber who applies for a change to Family Coverage not later than 60 days after his marriage will have the Maternity Waiting Period calculated from the date of marriage. If the pregnancy is terminated before the end of the Waiting Period and the date of normal delivery would have occurred after the 240 days, Maternity Benefits will be payable. The subscriber will receive credit toward this Waiting Period if he has had previous New Jersey Blue Cross-Blue Shield coverage which included maternity benefits and if there has been no interruption in his enrollment.
- 110.48 CARE OF THE INFANT - Benefits are also provided for in-hospital care of a healthy newborn infant by a physician other than the doctor rendering eligible obstetrical service to the mother. If newborn care is given by the doctor who delivered the baby, it is covered in the allowance paid for the delivery.
- 110.49 DENTAL CARE - Payment for hospital services will be provided for extraction of impacted molars, for treatment of accidental injuries, for oral surgery or for treatment of malignancy of the mouth. An admission for any other dental service is eligible only if hospitalization is necessary because of a non-dental condition. Hospital services in connection with dental conditions in a member hospital of another Blue Cross Plan or in a non-member hospital may not be covered or may only be partially covered under the Basic Plan.

If the subscriber or covered dependent is admitted to the hospital as either an inpatient or an outpatient, Blue Shield will provide benefits for oral surgical services which are commonly performed by a physician as well as a dentist, such as treatment of jaw fractures or dislocations, and removal of tumors of the mouth or jaw. Extraction of bony impacted teeth, treatment of malignancy of the mouth, and services rendered by your physician or dentist during a hospital admission immediately following accidental injury, are also covered by Blue Shield.

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110.5 BASIC PLAN EXCLUSIONS - To assure proper use of the Basic Plan benefits, certain exclusions are necessary. Certain services and supplies which are not covered under the Basic Plan are eligible under the Major Medical Insurance. Under the Basic Hospital-Surgical-Medical Plan no benefits are provided, for example, for:

- a. Hospitalization primarily for bed rest, rest cure, convalescent, custodial or sanatorium care, diet therapy, occupational therapy or rehabilitation therapy or diagnostic studies or doctor services during any of these ineligible admissions. There are, however, certain surgical-diagnostic studies which are eligible for benefits even though they are the primary reason for the hospitalization.
- b. Doctor or hospital services for any sickness, disease or injury occurring during military service or which is compensable or provided for under any Workmen's Compensation, occupational disease, unemployment, temporary disability benefits or compensation law or similar legislation whether or not the person properly asserts his or her rights under such legislation and whether or not there are recoveries for damages against third parties; or for any other doctor or hospital service provided by law except the enabling legislation for the Public and School Employees Health Benefits Program.
- c. Doctor or hospital service rendered before or after the time when necessary for the treatment of the diagnosed condition or beyond the available number of eligible days.
- d. Ambulance service; private duty nurses; blood, plasma or blood extender or services rendered to the donor; or any examination, procedure, service or supply not necessary for or incidental to the diagnosis and treatment of a sickness or injury.

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- e. Services covered by any other non-profit hospital service plan and/or medical and/or surgical service plan.
- f. Services of a surgical assistant or services of technicians not employed or contracted for by the hospital; or charges by a hospital resident physician or interne or for services of any person who is not a doctor (an eligible physician under terms of the plan).
- g. Skin for grafting unless supplied and charged for by the hospital.
- h. Consultations required by hospital regulations.
- i. Plastic surgical services by a physician for cosmetic purposes.
- j. Radiation therapy.
- k. Hospital services in institutions in the U.S. (including Puerto Rico) operated by the federal government unless the services are of an emergency nature for accidental injury.
- l. Doctor charges for dental services involving prostheses, orthodontia, operative restorations, fillings, extraction or treatment of dental caries or gingivitis.
- m. Doctor charges for hydrotherapy, physiotherapy or injections.

110.6 MAJOR MEDICAL BENEFITS - The hospital benefits and medical-surgical benefits are considered the Basic Plan. It is a good plan. For normal hospital confinement and surgical operations it does the job it is intended to do--and does it well. But medical expenses are like the weather--often there are extreme situations when additional protection is necessary.

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Each year nearly 1 million families in the United States have hospital and medical expenses that amount to more than half their annual income. About 50% of these families face hospital and medical bills that exceed their annual income. There are millions more who have medical bills that are not as staggering but which put them in debt for years. The Major Medical Plan provides the needed extra protection against such expenses-- expenses that no one can afford.

The Major Medical Plan is in addition to the Basic Plan. The two provide a well-rounded package of protection for New Jersey public and school employees.

110.61 ADVANTAGES - Major Medical benefits are paid even though there is no hospital confinement. The plan covers most reasonable and customary medical expenses incurred under a doctor's care outside the hospital. For example, arthritis, heart conditions and malignancies can be treated at home. The expenses for these and many other conditions are considered for Major Medical benefits.

Total disability is not required under Major Medical. An adult does not need to miss a day of work or a child be absent from school. Major Medical benefits are payable for such non-disabling conditions as diabetes, asthma and hypertension for example, and there are many others.

Major Medical covers private duty nursing--in or out of the hospital. Private nursing care is important in the acute stages of illness and during convalescence--and it is expensive. The service must be performed by a registered graduate nurse other than one who ordinarily resides in the person's home or who is a member of the family.

Expenses in connection with mental illnesses and functional nervous disorders are eligible for Major Medical benefits when there is a hospital stay for which a room and board charge is made. Limited benefits are available for such expenses incurred in a hospital when there is no room and board charge, or outside the hospital. Limited benefits are also payable for professional psychiatric services. These limited benefits are explained in section 110.66.

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Major Medical benefits are not payable for expenses in connection with a normal pregnancy and delivery. However, regular Major Medical benefits are payable in connection with certain complications of pregnancy.

110.62 DEFINITIONS, MAJOR MEDICAL PLAN -

- a. Non-occupational Accident or Sickness--an accident off the job or sickness not covered under workmen's compensation or similar legislation.
- b. Doctor--a physician or surgeon licensed to practice medicine and perform surgery--also a licensed dentist or podiatrist practicing in his own field.
- c. Hospital--a legally operated institution providing complete in-patient services for a fee, including surgical facilities, under supervision of a staff of doctors. The term does not include an institution, or part of one, used mainly as a rest or nursing facility, or facility for the aged, or for care and treatment of drug addicts or alcoholics.
- d. Full Medicare Coverage--coverage for all the benefits provided under Medicare including benefits provided under the voluntary program established by Medicare.

110.63 THE TWO FUNDAMENTALS OF MAJOR MEDICAL - To understand how Major Medical works, it is necessary to understand only two fundamentals of the plan.

- a. DEDUCTIBLE - The deductible in major medical is similar to the deductible in automobile collision insurance. It is the amount of eligible expenses the employee pays before major medical benefits begin. The deductible is the first \$100 of eligible expenses incurred by an employee or a dependent during a calendar year, not counting expenses payable under the basic plan, or Parts A and B of the Federal Medicare program. These four features of the deductible are important:

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110.63
cont'd.

1. For purposes of local employer coverage, all eligible charges incurred by an eligible employee, or his covered dependents, from January 1 of a calendar year to the effective date of coverage for his participating employer, will be considered to satisfy the \$100 deductible required under the Major Medical coverage. The above provision is contingent upon the eligible employee being actively at work on the effective date of coverage and his dependents being able to satisfy the normal activities test required by the contract.

The charges considered are to be eligible charges under the Major Medical contract and no charges will be considered that would have been paid by the basic plan, had the employee had such coverage. No charges will be used to satisfy the deductible for which the employee has been reimbursed by any source where any employer participated under another contract.

2. It is necessary for one person to satisfy the deductible only once during a calendar year and once a covered dependent has satisfied the deductible, benefits will be paid the rest of the year for all other qualified dependents without additional deductibles.
3. Any eligible expenses incurred during October, November, and December by the employee or one dependent which are applied against the year's deductible (whether or not the full deductible is accumulated for the year), may be carried over and also applied against the deductible for the next calendar year for the employee or same dependent.
4. If two or more insured members of a family are injured in the same accident, only one \$100 deductible needs to be satisfied each year for their combined expenses due to the accident.

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- b. CO-INSURANCE - After the deductible has been satisfied, Major Medical pays 80% of all remaining-eligible expenses--the employee pays 20%. Co-insurance is a sharing of responsibilities which gives employees a personal interest in seeing that the charges for the services covered by Major Medical are kept as low as possible consistent with good care. This helps make it possible to have a generous plan and at the same time keep the cost down.

An expense will be considered to be incurred on the date the service or treatment is given or the purchase is made rather than on the date the bill is received.

110.64 EXAMPLE OF BENEFITS - The following example will illustrate the benefits that are paid by the basic hospital and medical-surgical plans and by the Major Medical plan for active and retired employees under the age of 65:

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Extensive burns suffered by a dependent child

		<u>Paid by Basic Plan</u>	<u>Eligible for Major Medical</u>
65 days semi-private room and board in hospital @ \$30 per day	\$1,950	\$1,950	
10 days Intensive Care Unit	200	200	
Other hospital charges	1,650	1,650	
Ambulance	20		\$ 20
Anesthesia	105	70	35
Surgery - Extensive debridement and plastic repair	850	350	500
Surgical Assistance	250		250
Medical care after discharge	480		480
Consultations	100		100
Nursing in hospital and at home	810		810
Drugs after discharge	275		275
Physiotherapy after discharge	<u>155</u>	<u> </u>	<u>155</u>
Total Cost	\$6,845	\$4,220	\$2,625
Deductible			<u>- 100</u>
			\$2,525
Co-insurance factor			<u>80%</u>
Major Medical benefit			\$2,020
Basic Plan benefit			<u>\$4,220</u>
Total Benefit			\$6,240
Paid by employee - 20% co-insurance and deductible			\$ 605

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110.65 ELIGIBLE EXPENSES IN OR OUT OF THE HOSPITAL -

The Major Medical Plan provides benefits to help pay nearly all medical expenses--except those paid by the Basic Plan--for services, treatments, and supplies ordered by a physician for the treatment of non-occupational injuries or sickness. As broad as the Major Medical Plan is, however, there are some expenses that are not covered. (See Section 110.67)

The eligible expenses are the charges incurred for the following services and supplies for the treatment of non-occupational accidents and sicknesses:

- a. Hospital Room and Board - Charges for room and board. In the case of private accommodations in a hospital, the room and board charges in excess of the hospital's standard semi-private room rate will not be considered eligible expenses.
- b. Other Hospital Services - Charges for services such as operating room, drugs, X-rays, laboratory tests, administration of anesthetics, etc.
- c. Ambulance Service for local travel.
- d. Doctors services - Surgery, home, office and hospital visits, and other medical care and treatment.
- e. Nursing care - Private duty nursing by a registered graduate nurse or licensed practical nurse.
- f. Speech Therapy - By a qualified speech therapist to restore speech loss, or correct an impairment, due to (1) a congenital defect for which corrective surgery has been performed, or (2) an accident or sickness except a functional nervous disorder.
- g. Physiotherapy - Treatment by a physiotherapist.

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- h. Dental treatment due to accident - As an additional feature, the following dental services received within 12 months of an accident are eligible: Treatment by a physician, dentist, or dental surgeon of injuries to natural teeth including replacement of such teeth, treatment of a fractured jaw, and related X-rays.
- i. Anesthesia - Cost of anesthetic and its administration.

Expenses outside of the hospital could include:

- j. X-ray and laboratory examinations.
- k. X-ray and radium treatments and treatments with other radioactive substances.
- l. Medical supplies - Drugs and medicines dispensed by a licensed pharmacist; blood and blood plasma; artificial limbs, eyes and larynx; surgical dressings; casts; splints; trusses; braces; crutches; rental of wheel chair, hospital bed, or iron lung; oxygen and rental of equipment for its administration.

110.66 MENTAL ILLNESS OR FUNCTIONAL NERVOUS DISORDER -

Major Medical benefits for all eligible expenses incurred during a hospital stay resulting in a room and board charge will be payable at the rate of 80%. Otherwise, the following will apply:

After satisfaction of the usual deductible, benefits for eligible expenses will be payable at the rate of 50%, unless the expenses are for administration of convulsive therapy, in which case the normal rate will apply. For professional psychiatric services rendered by a doctor, not more than 50 visits in a calendar year, nor more than \$20 a visit will be counted as eligible expenses. Since 50% is permitted for this service, this will permit a maximum benefit payment of \$10 a visit.

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110.67 MAJOR MEDICAL EXCLUSIONS - The plan does not cover:

- a. Services or supplies to extent provided under (1) any source other than the Major Medical coverage for which your employer or any employer pays toward the cost or makes payroll deductions, or (2) any governmental plan or law (except Medicare) under which the individual is, or could be, covered, or (3) Full Medicare Coverage if the individual satisfies the age requirement for eligibility under Medicare.
- b. Anything not ordered by a doctor, or not necessary for medical care; charges in excess of those usually made when there is no insurance or in excess of the general level in the area.
- c. Expenses incurred during confinement in a U.S. Government hospital or which are for anything furnished by or for the U.S. Government; certain expenses incurred during confinements in other governmental hospitals; expenses resulting from an act of war occurring while covered.
- d. Cosmetic surgery unless for an accident suffered while covered; eye refractions; fitting of glasses or hearing aids.
- e. Treatment of periodontal or periapical disease or any condition involving teeth, surrounding tissue or structure, except as described in "Dental treatment due to accident."
- f. Treatment of (1) weak, strained, flat, unstable or unbalanced feet, metatarsalgia or bunions, except open cutting operations, (2) corns, calluses or toenails, except removing nail roots and care prescribed by an M. D. or D. O. treating metabolic or peripheral-vascular disease.
- g. Nursing or physiotherapy rendered by yourself, spouse, or a child, brother, sister, or parent of yourself or spouse.
- h. Hospital room and board expenses for a child during the seven day period immediately following its birth.

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The Major Medical Insurance does not apply to a normal pregnancy and delivery, but it does make provision for certain expenses due to complications of a pregnancy commencing while the female employee or employee's wife is covered.

110.68 MAJOR MEDICAL MAXIMUM - Major Medical Insurance will pay as much as \$20,000, for the employee and \$20,000 for each covered dependent for all causes combined. During any one calendar year, the maximum for each person is \$10,000.

Whenever benefits are paid they are charged against the individual's overall maximum.

110.681 MAXIMUM, AUTOMATIC RESTORATION - On the first of each year, each covered person who then has benefits charged to his overall maximum will automatically have an amount restored for future use. The amount to be restored each year will be \$1000, or the amount needed to bring the maximum back to the full amount, whichever is less. In no event, however, may the sum of all amounts restored automatically to an individual's maximum exceed \$20,000. This, in effect, gives every employee and insured dependent a possible Major Medical lifetime benefit of \$40,000.

110.682 MAXIMUM, REQUEST FOR RESTORATION - If the employee or insured dependent receives over \$1,000 in benefits he may have his lifetime maximum restored in full if he furnishes satisfactory proof of good health.

110.683 MAXIMUM, RETIRED EMPLOYEES AND THEIR DEPENDENTS - In the case of retired employees or their dependents, the maximum lifetime benefit at the time of retirement will be the lesser of \$10,000 or the amount remaining as a lifetime maximum at the time of the employee's retirement with a minimum of \$1,000. The \$1,000 in benefits is not restored for an employee or his dependent while on retirement.

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- 110.69 EXTENSION OF MAJOR MEDICAL BENEFITS - Under certain circumstances, Major Medical benefits will be available for a limited period after the termination of insurance if the employee or a covered dependent is totally disabled when the insurance terminates. This extension of benefits will apply only to expenses due to the sickness or injury which caused the total disability.
- 110.7 COMPLEMENTARY MEDICARE BENEFITS - The benefits under the State Health Benefits program cannot be duplicated by the benefits provided under the Federal Medicare program. The Complementary coverage provided for active and retired employees and their dependents over the age of 65 who are covered by both Parts A and B of the Federal Medicare program are the same benefits provided to employees under the age of 65, excluding any eligible charges which are covered by the Federal Medicare program. As an example, the Federal Medicare program does not cover private duty nursing care, whereas the Major Medical benefits under the program do include these services as eligible charges.

Below, the coverage, provided to employees and dependents covered by the State Health Benefits program and both Parts A and B of Federal Medicare, is detailed as it would apply to:

- a. Services for a hospital inpatient
- b. Services for a hospital outpatient
- c. Physician services eligible outside of hospital
- d. Drugs (outside of hospital)
- e. Nursing home care
- f. Private duty nursing
- g. Home health care, and
- h. Dental services

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110.71 SERVICES ELIGIBLE FOR A HOSPITAL INPATIENT - Hospital Services include: Semi-private room and board; routine nursing care; operating, recovery and specialized treatment rooms; anesthesia; diagnostic x-ray and laboratory examinations; oxygen; dressings; physical therapy; radiation therapy; transfusions including blood and plasma.

a. MEDICARE

1. HOSPITAL

After the first \$40, full coverage during the first 60 days of confinement per spell of illness. Coverage of all but \$10 per day for the next 30 days per spell of illness and of all but \$20 per day for a life-time maximum of 60 extra days. First three pints of blood or packed red blood cells, dental admissions and admissions for cosmetic surgery not covered. 190 days maximum in psychiatric hospitals. No coverage outside the U.S.A. except for specific emergency situations in Border areas.

2. PHYSICIAN

Services of M.D., D.O., D.D.S. or D.P. (D.S.C.) subject to \$50 deductible per calendar year and 20% co-insurance.

b. BLUE CROSS

First \$40 in a Medicare hospital that also is a Blue Cross member hospital. In Blue Cross member hospitals not participating in Medicare, all eligible services for 60 days (30 days at age 70 and older) per Benefit Year are paid in full. In a Blue Cross non-member hospital, the maximum payment is \$30 per day. Other limitations - radiation therapy, blood and blood derivatives are not covered - 20 days per Benefit Year is the maximum allowed for mental, nervous and tuberculous conditions.

HEALTH BENEFITS
STATE PROGRAM

c. BLUE SHIELD

Coverage of difference between Medicare payment and "reasonable charges" for in-hospital physician services for surgery and anesthesia and for 365 days of medical care per admission (but limited to 30 days for pulmonary tuberculosis or mental conditions). Eligible physicians are M.D., D.O., D.D.S., and D.P. (D.S.C.). Regular Blue Shield benefits outside the U.S.A.

d. EMPLOYEE

First \$100 of eligible expenses not covered by Medicare, Blue Cross or Blue Shield, and 20 per cent of the balance of eligible expenses up to the policy maximum. This applies to all categories of eligible expenses.

e. MAJOR MEDICAL (PRUDENTIAL)

\$10 per day covering the 61st to the 90th day, \$20 per day for a lifetime reserve of 60 days and full coverage thereafter. The first \$40 also covered if the confinement is for diagnostic purposes only. First three pints of blood or packed red blood cells if not replaced by patient (Medicare pays the balance).

110.72 SERVICES ELIGIBLE FOR A HOSPITAL OUTPATIENT -
Hospital Services include: same as Inpatient except room and board.

a. MEDICARE

1. HOSPITAL

Hospital services related to physician services eligible under Part B and diagnostic services such as x-ray and laboratory examinations - subject to \$50 calendar year deductible and 20% co-insurance.

2. PHYSICIAN

Same as Inpatient.

HEALTH BENEFITS
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b. BLUE CROSS

Coverage of the difference between Medicare payment, if any, and the hospital's charges for accidental injury or certain minor surgical procedures. (Up to \$30 in non-member hospitals including those outside the U.S.A.). Plus the difference between Medicare's payment and the hospital's charges for diagnostic examinations, physical and radiation therapy up to the calendar year maximums of the contract.

c. BLUE SHIELD

Eligible Physicians: Same as Inpatient. Coverage of difference between Medicare payment and "reasonable charges" for the following physician services: Up to \$10 for emergency medical treatment of accidental injury within 48 hours; surgical procedures plus diagnostic and therapeutic radiology up to the yearly contract maximums. Regular Blue Shield benefits outside the U.S.A.

d. EMPLOYEE

First \$100 of eligible expenses not covered by Medicare, Blue Cross or Blue Shield, and 20 per cent of the balance of eligible expenses up to the policy maximum. This applies to all categories of eligible expenses.

e. MAJOR MEDICAL (PRUDENTIAL)

After the \$50 deductible, 20 per cent of the excess of expenses not covered by Blue Shield. The excess of \$10 for emergency medical treatment of accidental injury.

110.73 PHYSICIAN SERVICES ELIGIBLE OUTSIDE OF HOSPITAL -

a. MEDICARE

Same as Inpatient except that payment for psychiatric services is limited to 50% of reasonable charges with \$250 yearly maximum.

b. BLUE CROSS

Not Applicable.

HEALTH BENEFITS
STATE PROGRAM

c. BLUE SHIELD

Eligible physicians are M.D., D.O., and D.P. (D.S.C.) and New Jersey Bioanalytical Laboratory Director. Coverage of the difference between the Medicare payment and "reasonable charges" for the following services: up to \$10 for emergency medical treatment of accidental injury within 48 hours, surgery of a cutting or cauterizing nature and certain diagnostic surgical procedures. Plus X-ray therapy, physical therapy, pathology and X-ray examinations up to the yearly contract maximums. Regular Blue Shield benefits outside U.S.A.

d. EMPLOYEE

First \$100 of eligible expenses not covered by Medicare, Blue Cross or Blue Shield, and 20 per cent of the balance of eligible expenses up to the policy maximum. This applies to all categories of eligible expenses.

e. MAJOR MEDICAL (PRUDENTIAL)

Coverage at 80 per cent of physicians' services and any part of the \$50 deductible not covered by Blue Shield. Coverage for outpatient psychiatric services is limited to \$20 per visit and 50 visits per year and charges for these services are reimbursable at 50 per cent.

110.74 DRUGS (OUTSIDE OF HOSPITAL)

a. MEDICARE

Drugs and biologicals which cannot be self-administered and which are of a kind commonly furnished in a physician's office either without charge or included in the bill.

b. BLUE CROSS

Not Covered.

c. BLUE SHIELD

Not Covered.

HEALTH BENEFITS
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d. EMPLOYEE

First \$100 of eligible expenses not covered by Medicare, Blue Cross or Blue Shield, and 20 per cent of the balance of eligible expenses up to the policy maximum. (If the expenses are incurred in connection with mental illness or functional nervous disorder of any type or cause, 50% of the expenses are the employee's responsibility.) This applies to all categories of eligible expenses.

e. MAJOR MEDICAL (PRUDENTIAL)

Drugs and medicines prescribed by a physician and dispensed by a licensed pharmacist.

110.75 NURSING HOME CARE

a. MEDICARE

Full coverage of reasonable costs during first 20 days of confinement and all but \$5 a day for next 80 days provided that confinement started within two weeks of discharge from hospital and hospital confinement was for at least 3 consecutive days.

b. BLUE CROSS

Not Covered.

c. BLUE SHIELD

Not Covered.

d. EMPLOYEE

All expenses in excess of those covered by Medicare.

e. MAJOR MEDICAL (PRUDENTIAL)

Not Covered.

HEALTH BENEFITS
STATE PROGRAM

110.76 PRIVATE DUTY NURSING

a. MEDICARE

Not Covered.

b. BLUE CROSS

Not Covered.

c. BLUE SHIELD

Not Covered.

d. EMPLOYEE

First \$100 of eligible expenses not covered by Medicare, Blue Cross or Blue Shield, and 20 per cent of the balance of eligible expenses up to the policy maximum. This applies to all categories of eligible expenses.

e. MAJOR MEDICAL (PRUDENTIAL)

Private duty professional nursing services rendered by a registered graduate nurse or a licensed practical nurse other than a close relative. Close relative is defined as the employee, his spouse or his child, brother, sister, or parent.

110.77 HOME HEALTH CARE

a. MEDICARE

PART A SERVICES - rendered during one year period beginning with date of most recent discharge from a hospital (confinement must have been at least 3 consecutive days) - Provides up to 100 visits and includes--
(1) Nursing care by or under supervision of an R.N.
(2) Physical, occupational or speech therapy
(3) Medical social services under physician's direction
(4) Services of home health aides
(5) Medical supplies and use of medical appliances.

HEALTH BENEFITS
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PART B SERVICES - an additional 100 visits subject to \$50 deductible and payable at 80%.

b. BLUE CROSS

Not Covered.

c. BLUE SHIELD

Not Covered.

d. EMPLOYEE

First \$100 of eligible expenses not covered by Medicare, Blue Cross or Blue Shield, and 20 per cent of the balance of eligible expenses up to the policy maximum. This applies to all categories of eligible expenses.

e. MAJOR MEDICAL (PRUDENTIAL)

Services in excess of 100 visits under Part A and the balance of eligible services not covered under Part B (Home Health Aid services are not eligible services).

110.78 DENTAL SERVICES

a. MEDICARE

No Hospital or Physician benefits for dental services. Services rendered by a D.D.S. or D.M.D. will be covered only with respect to surgery involving the jaw or contiguous structure, or the reduction of a fracture of the jaw or any facial bone.

b. BLUE CROSS

Admissions for extraction of impacted molars and bicuspid, for treatment of accidental injury, for treatment of malignancy of mouth, or if admission is medically necessary because of a non-dental condition.

HEALTH BENEFITS
STATE PROGRAM

110.78 con't. c. BLUE SHIELD

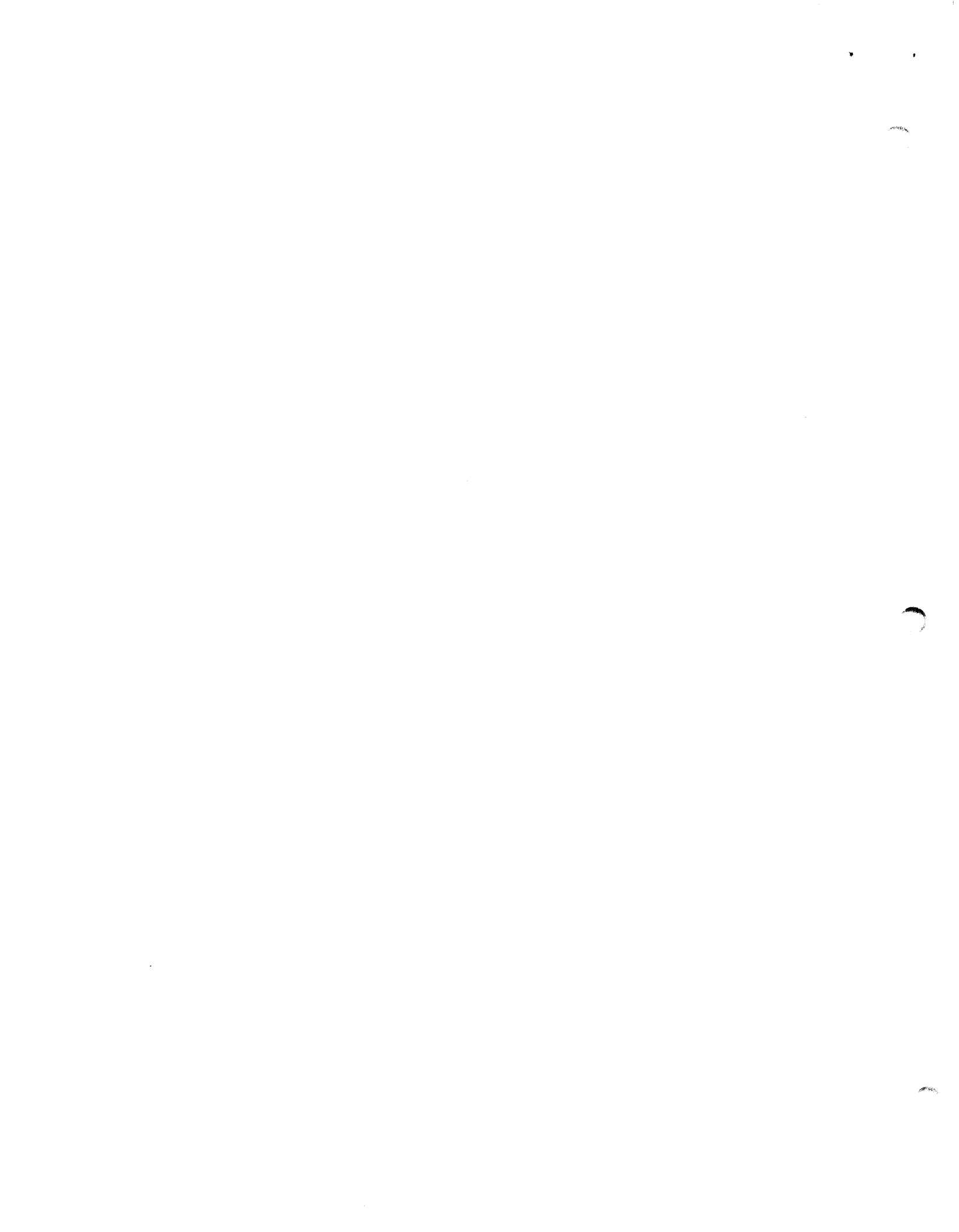
In-hospital services of dentist for extraction of bony impacted teeth, treatment of accidental injury during hospitalization for the accident, surgical treatment of malignancy of the mouth and for procedures common to the medical and dental professions.

d. EMPLOYEE

First \$100 of eligible expenses not covered by Medicare, Blue Cross or Blue Shield, and 20 per cent of the balance of eligible expenses up to the policy maximum. This applies to all categories of eligible expenses.

e. MAJOR MEDICAL (PRUDENTIAL)

Dental services rendered by a physician, dentist, or dental surgeon for the treatment of a fractured jaw, malignancy of the mouth or of accidental injuries to natural teeth within 12 months of the accident (the treatment to include replacement of such natural teeth within said period).



HEALTH BENEFITS
STATE PROGRAM

111. ELIGIBLE EMPLOYEES - For purposes of local coverage, "employee" shall mean an appointive or elective officer or full time employee of the local employer. This includes an employee who is compensated on a fee basis as a convenient method of payment of wages or salary, but who is not a self-employed, independent contractor compensated in a like manner.

For purposes of State coverage, "employee" shall mean:

An appointive or elective officer or full time employee of the State, including employees of:

- a. Rutgers, the State University of New Jersey
- b. South Jersey Port Commission
- c. Palisades Interstate Park Commission
- d. Delaware River Joint Toll Bridge Commission
(Free Bridges)
- e. Agencies or special projects which are supported from or whose employees are paid from sources of revenue, other than General Funds, which other funds shall bear the cost of benefits, under this program.

In no event will any person be eligible to have duplicate coverage through two or more participating employers. Also, no one may be covered under the Major Medical plan if he does not have coverage under the Basic Plan.

All employees in the State Health Benefits program who attain age 65 must be covered under Parts A and B of the Federal Medicare program in order to be eligible to continue their coverage in the State Health Benefits Plan.

- 111.1 FULL TIME EMPLOYEES - For purposes of local coverage, "full time" shall mean employment of any eligible employee who appears on a regular payroll and who receives a salary or wages for a minimum of 20 hours per week.

For purposes of State coverage, "full time" shall mean the normal full time weekly schedule for the particular title, and in any case not less than 35 hours per week.

HEALTH BENEFITS STATE PROGRAM

For purposes of State and local coverage, it shall also mean sabbaticals where the compensation paid is 50% or more of the salary granted just prior to the leave and the period of eligibility terminates with the end of the fiscal year.

For purposes of State and local coverage, "full time" shall mean employment of any employees who hold multiple public positions at the same time, if the employee would otherwise be eligible for coverage in all such positions.

It also means employment for twelve months, except in the case of those employees engaged in activities where the regular and normal work schedule is ten months.

- 111.2 ELIGIBLE DEPENDENTS - An employee's eligible dependents are his or her spouse, unless legally separated, and unmarried children under 23 years of age who live with the employee in a regular parent-child relationship. Stepchildren, foster children and legally adopted children may be included as the employee's children, provided they are wholly dependent upon the employee for support and maintenance and are reported for coverage.

In the case of children born out of wedlock, such children can be covered if the member applies for parent and child coverage (not family coverage with maternity benefits), while they can be covered by the father if there is a court order establishing the relationship of such children to the father and directing that he maintain their support. Naturally, such children will have to meet all of the other qualifications for the coverage of children.

An employee who elects to enroll an eligible dependent for any coverage shall report such dependent's relationship or status on the enrollment form and such listing of the dependent shall constitute the required certification that at the time of enrollment such dependent is wholly dependent upon the employee for support and maintenance.

If, after having enrolled his dependents for coverage under Family or Parent-Child coverage, an employee acquires one or more additional dependent children through birth, legal adoption, or otherwise, such additional children shall be automatically enrolled as dependents.

HEALTH BENEFITS STATE PROGRAM

Any person who is otherwise eligible for benefits as a dependent of an active or retired employee but who, though he meets the age eligibility requirement of the Federal Medicare program, is not covered by the complete Federal program, would not be covered as a dependent.

No one will be eligible as a dependent under the Basic and Major Medical plan who is in military service or covered as an employee. No one will be eligible as a dependent under the Major Medical insurance unless covered as a dependent under the Basic portion of the State plan.

- 111.3 REFUNDS, LOCAL COVERAGE - If both an employee and his spouse are covered in their employment by one or more participating employers, and desire family coverage, then one employee should request family coverage and the other should sign an enrollment card for single coverage. If one employee has family coverage and deductions for the dependent coverage are paid by him and not by his employer, then a claim for refund may be requested semi-annually for the cost of single employee coverage for which premiums are being remitted by the employer of the spouse. This refund can only be given if the spouse is also covered by a participating employer and has filed an enrollment card for single coverage.

An employee who is the spouse of another employee may elect to forego coverage as an employee and to be enrolled for Basic Benefits coverage, or Basic Benefits and Major Medical Benefits coverage as a dependent, in which event no coverage shall be provided for such spouse as an employee while covered as a dependent. In this case, no refund could be provided.

111.4 CLAIM FOR REFUND FORM

HB-82-23-1265

SEE REVERSE SIDE FOR INSTRUCTIONS

DIVISION OF PENSIONS
HEALTH BENEFITS PROGRAM

CLAIM FOR REFUND

1. Employee Name _____

5. Spouse's Name _____

2. Mailing Address _____

STREET

6. Spouse's Employer _____

CITY

STATE

ZIP CODE

7. Spouse's Identification Number _____

3. Identification Number _____

4. Name of Employer _____

REFUND CLAIMED FOR FOLLOWING PERIODS

(USE FULL MONTHS ONLY)

8.	FROM	TO
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

TO BE COMPLETED BY DIVISION OF PENSIONS

10.	REFUND DUE
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

TOTAL _____

9. I hereby certify that during each month for which a refund is claimed, my spouse was employed by a participating employer of the State Health Benefits Program, and was covered under the program for a single coverage contract. I further certify that during this period, I was covered through my employer for family coverage.

11. Approved for Payment _____

12. Check # _____ Date _____
Initial _____

EMPLOYEE SIGNATURE

DATE

HEALTH BENEFITS
STATE PROGRAM

- 111.5 REFUNDS, STATE COVERAGE - If both an employee and his spouse are employed by the State and desire family coverage, then one employee should request family coverage and the other should sign an enrollment card rejecting coverage in the program. This procedure creates a refund to the spouse having family coverage. The employee who has elected coverage is entitled to a refund of the single coverage cost since the employee has paid for the spouse who has rejected coverage in the program.
- 111.6 REFUNDS, STATE AND LOCAL COVERAGE - Where a husband and wife have secured coverage in the Health Benefits program as a result of one of them being employed by the State and the other by a local employer who has adopted the Health Benefits program, such refund is possible if one elects family coverage and the other has single employee coverage in the case of a local employer or has rejected single employee coverage in the case of State employment. The refund would be at the rate prevalent where single employee coverage was elected or rejected, as the case may be.
- 111.7 REFUNDS DENIED - Any refund not described explicitly in sections 111.3 - 111.6 as within the scope of possible refund, would therefore be denied. For example, a husband and wife may be employed in the same or in different locations, each location participating in the State Health Benefits program and both having family coverage, or both having husband and wife coverage or one having husband and wife coverage and the other single coverage. In spite of the apparent duplication of coverage, neither of the covered employees would be eligible for a refund.

In another example, the wife carries only single employee coverage under the State program while her husband is covered by a plan in private industry, where the employer pays for employee and dependent coverage. No refund would be payable since both would have to have been in public employment covered by the State program.

HEALTH BENEFITS STATE PROGRAM

It is therefore important that husbands and wives, each employed by an employer who is a member of the State Health Benefits plan, review their coverage to avoid such duplication. If the husband and wife desire family or parent and child coverage, it is suggested that the male member carry full coverage at all times to avoid the lack of coverage that might be occasioned by the wife's discontinuance of employment.

For example, if the wife carries family coverage and the husband has only single employee coverage, and the wife terminates her employment and later becomes pregnant, the couple may seek family health benefit protection when it is too late to provide insurance for this particular maternity.

Please see section 117.3 for the possibility of retroactive refunds.

- 111.8 MEDICARE REFUNDS - Each active employee who has qualified under Part B of Federal Medicare, receives a refund of the amount paid for Part B semi-annually. All refunds for subgroups of the State are accomplished with the preparation and submission to the State Health Benefits Commission of a Claim for Refund form duly signed by the individual claiming the refund as verified from the records of the Health Benefits program. The State Centralized Payroll Unit will process similar claims for refund by State employees paid by that agency. The local employer is responsible for refunds to any of its active employees who are covered under Part B of the Federal Medicare program.

HEALTH BENEFITS
STATE PROGRAM

112. COVERAGE OF EMPLOYEES AND DEPENDENTS - Each eligible employee shall be eligible to enroll for Basic Benefits coverage and Major Medical coverage without cost to the employee; and each employee's eligible dependents shall be eligible for enrollment for Basic Benefits coverage or Basic Benefits coverage and Major Medical Benefits coverage provided that the additional premiums for such coverage shall be paid by the employee in the case of State coverage, or as paid by the employee as required in the case of local coverage.

An employee who elects to be covered shall automatically be covered for Basic Benefits coverage and Major Medical Benefits. Such employee may elect to cover his dependents for Basic Benefits, or for Basic Benefits and Major Medical Benefits, but may not cover his dependents for Major Medical Benefits alone.

- 112.1 WHEN FIRST ELIGIBLE - At the time each employee first becomes eligible for coverage, the employee shall complete a form constituting written notice of the employee's election to enroll or not enroll for Basic Benefits coverage and Major Medical Benefits coverage on his own behalf, and the employee's election to enroll or not enroll his dependents for Basic Benefits coverage and for Major Medical Benefits coverage.
- 112.2 ANNUAL ENROLLMENT PERIODS - Any employee who shall elect not to enroll for coverage for himself or for his dependents at the time such employee or dependent first becomes eligible for coverage shall subsequently be permitted to enroll himself and his dependents only during the annual enrollment period, which is the two-week period beginning on the first Monday in May of each year, with coverage effective for the first coverage period in July in the case of State coverage, and the month of January, with coverage effective April 1 in the case of local coverage.

HEALTH BENEFITS
STATE PROGRAM

112.3 WHEN STATUS CHANGES - An employee may change his enrollment and the enrollment of his dependents to any kind of coverage at any time if such changes result from a change in family, dependency or employment status of the employee or his dependents. Such changes will be permitted under the conditions described in sections 112.31 - 112.36.

An employee may change his enrollment and the enrollment of his eligible dependents to any type of coverage under conditions other than those specified in sections 112.31 - 112.36, only during the annual enrollment period.

An employee who wishes to change his enrollment and the enrollment of his eligible dependents for any of the reasons given in sections 112.31 - 112.36 but who has failed to complete and forward the required enrollment form within the time limits which have been prescribed, may effect such change of enrollment only during the annual enrollment period.

The enrollment for Major Medical Benefits coverage of any employee or dependent who was not previously enrolled for that coverage, may be subject to such evidence of insurability as the carrier may require if such enrollment comes under section 113, 4.

112.31 MARRIAGE - Any employee who has been enrolled for coverage and who subsequently marries, may enroll the spouse and eligible dependents, if any, for any appropriate type of coverage by completing and forwarding a new enrollment form within the period beginning 60 days prior to the marriage and ending 60 days after such marriage. In the event that the spouse of such employee is already enrolled as an employee, the spouse may elect to forego coverage as an employee and to be enrolled for Basic Benefits coverage or Basic Benefits and Major Medical Benefits coverage as a dependent, in which event no coverage shall be provided for such spouse as an employee while covered as a dependent.

HEALTH BENEFITS
STATE PROGRAM

112. 32 DIVORCE OR SEPARATION - Any employee who has been enrolled or has been covered as a dependent of an enrolled employee and is subsequently divorced may enroll, delete from coverage or cover any eligible dependents by completing and forwarding a new enrollment form within 60 days after the divorce of such employee or dependent of an employee who was covered previously under the spouse's contract. A change of enrollment of this nature is optional in the case of separation.
112. 33 DEATH OF SPOUSE OR DEPENDENT CHILD - Any employee, who is enrolled as the dependent of another employee who dies, may thereupon enroll as an employee, and may enroll any eligible dependents, for an appropriate coverage by completing and forwarding a new enrollment form within 60 days following the death. Any employee may, upon the death of a spouse or a dependent child who is enrolled as a dependent, enroll himself and any other eligible dependents for any appropriate coverage by completing and forwarding a new enrollment form.
112. 34 RETURN FROM MILITARY LEAVE - Any employee, upon return from any period of military leave without pay, may enroll himself and any eligible dependents for any appropriate coverage by completing and forwarding an enrollment form within 60 days after the date of his return to active full time employment. In the event a dependent of an employee is discharged from military service, the employee may enroll such dependent for any appropriate coverage within the time specified above.
112. 35 NO MINOR CHILDREN - Any employee who shall have enrolled one or more dependent children as dependents may alter his coverage and that of his dependents at the time the last such dependent child reaches age 23 or marries prior to that time, by completing and forwarding a new enrollment form.

HEALTH BENEFITS
STATE PROGRAM

- 112.36 SPOUSE CEASES TO BE AN EMPLOYEE - If two spouses, both of whom are also employees, are enrolled for any coverage and one of them ceases to be an employee or becomes ineligible for coverage as an employee, the other spouse may enroll for any appropriate coverage and may enroll all eligible dependents for that coverage by completing and forwarding a new enrollment form within 60 days after the change of status occurs.
- 112.4 HUSBAND AND WIFE ARE EMPLOYEES - When both husband and wife have elected to enroll and be covered as employees, only one may enroll their children as dependents.
- 112.5 10 OR 11-MONTH EMPLOYEES - For purposes of State and local coverage, an employee paid on a 10 or 11-month basis, pursuant to an annual contract or arrangement with his employer and who terminates his service with the employer in June, having served during all of the months of the year as prescribed by his contract or arrangement with his employer, shall be entitled to a full year's coverage, comparable to that of any employee paid on a 12-month basis. Coverage for these employees and their dependents will continue during the summer months provided that proper deductions are taken for dependent coverage as may be required by the State or local employer. The result is to provide continuous coverage for these employees and their dependents in the same manner that such is available to employees paid in each payroll period or month of the year.
- 112.6 INTER-PLAN TRANSFERS - An employee eligible for participation under the State Health Benefits program will be permitted to transfer coverage for Blue Cross-Blue Shield under the Inter-Plan transfer provision of the Blue Plans, provided the employee was covered immediately prior to the effective date of his eligibility for coverage by a Blue Cross and Blue Shield contract of another State.

HEALTH BENEFITS
STATE PROGRAM

113. EFFECTIVE DATES OF COVERAGE - The effective date of coverage for all employees under the Health Benefits program must be clearly understood since claims can only be paid after coverage has been established. A one-month advance premium (2 bi-weekly advance premiums in the case of State coverage) is required for all new enrollments in the Health Benefits program. However, coverage is not effective on the date premiums are first deducted from the member's wages, but on the first of the month (first of the third bi-weekly pay period in the case of State coverage) following the date that the first premium is deducted from the employee's salary. Listed below are those conditions which must be satisfied before coverage can be effective, as well as the effective date of coverage for employees enrolled in the Health Benefits program:
- a. In the case of local coverage, the employer's participation has been approved by the Commission,
 - b. The employee satisfies the definition of "employee," and,
 - c. An enrollment form has been legibly completed by the employee and registered by the State Centralized Payroll Unit, the payroll clerk of a State subgroup or the certifying agent of the local employer with the Health Benefits Bureau of the Division of Pensions.

- 113.1 EFFECTIVE DATE, LOCAL COVERAGE - In the case of employees of a local employer, coverage shall become effective for the employee on the first day of the month next following the month in which the first premium payment shall be made by the local employer on behalf of any employee for whom an enrollment form has been filed with the Division of Pensions.

For any dependent whom an employee shall have enrolled for coverage, coverage shall become effective on the first day of the month next following the month in which the first deduction is made from the employee's salary on the payroll, if all or any part of such premium charge for dependents is required by the local employer or the first premium payment shall be made by the local employer on behalf of any employee's dependents for whom an enrollment form has been filed with the Division of Pensions.

HEALTH BENEFITS
STATE PROGRAM

113.2 EFFECTIVE DATE, STATE COVERAGE - In the case of employees of the State, coverage shall become effective for the employee:

- a. On the first day at the end of the second period following the payroll period in which the first premium payment was made by the State on behalf of the employee in the case of any employee enrolled in a subgroup which reports on a bi-weekly basis; or
- b. On the first day of the month next following the month in which the first premium payment was made by the State on behalf of any employee enrolled in a subgroup which reports on a monthly basis.

For any dependent whom an employee shall have enrolled for coverage, coverage shall be effective:

- a. On the first day at the end of the second period following the payroll period in which the first deduction was made from the employee's salary on the payroll in the case of any dependent enrolled in a subgroup which reports on a bi-weekly basis; or
- b. On the first day of the month next following the month in which the first deduction was made from the employee's salary on the payroll in the case of any dependent enrolled in a subgroup which reports on a monthly basis.

113.3 NOT ACTIVELY AT WORK - An employee who, at the time of coverage would otherwise become effective, is not actively at work on a full time basis at his customary place of employment or other location to which his employment requires him to travel, or who cannot satisfy the normal activities test of an individual of the same sex and age, shall not be covered until he is so actively at work and can satisfy the normal activities test. Such employee shall be eligible for coverage immediately upon his return to active full time work.

A dependent who, at the time his coverage would otherwise become effective, is unable to satisfy the normal activities test of an individual of the same sex and age, shall not be covered until he can establish insurability.

HEALTH BENEFITS
STATE PROGRAM

However, if an employee is not covered because he is not "actively at work," this should not bar eligible dependents for coverage.

113.4 CONFINED IN INSTITUTIONS - The Basic Benefits coverage of a dependent who, at the time his coverage would otherwise become effective, is confined in an institution for care and treatment, shall become effective as follows:

- a. Hospital benefits shall be payable for confinements commencing on and after the effective date of coverage only, and
- b. Medical-Surgical benefits shall be payable for services rendered on and after the effective date of coverage only.

The Major Medical Benefits coverage of a dependent who, at the time his coverage would otherwise become effective, is confined to an institution for care and treatment, or who is unable to carry on the normal activities of a person in good health of the same age and sex, shall not become effective until the dependent has carried on the normal activities of a person in good health of the same age and sex for a period of 31 consecutive days. Coverage shall become effective on the 32nd day.

113.5 TRANSFERS - In order to provide mobility to employees of participating employers, as well as of the State, employees who transfer from one State payroll to another or from one participating employer to another, or from the State to a participating employer, or from a participating employer to the State, may continue coverage under the program as long as they enter the service of the new employer in a period for which contributions have already been made; however, if coverage has been terminated, the employee will again have to satisfy the three-month, continuous-employment waiting period and the actively-at-work requirement in order to obtain the coverage again.

Moreover, any person who does not immediately transfer his State Health Benefits coverage and who continues his coverage on a direct-pay left-group conversion (see section 114.5), should continue on a direct-pay basis for the first three months of his new employment in order to have continuous coverage under the Blue Cross-Blue Shield program.

HEALTH BENEFITS
STATE PROGRAM

114. TERMINATION OF COVERAGE - Cessation of active, full time employment shall be deemed to occur on the last day of the coverage period for which premiums have been paid. Also, the coverage of an employee and such employee's dependents shall be terminated, subject to the conversion rights, whenever such employee's eligibility shall cease for any of the reasons given in sections 114.1 - 114.6. The effective date of termination shall be the last day of the coverage period corresponding to the payroll period or month in which the last payroll deduction was made from the employee's salary for the coverage of dependents, if any are required, or the last premium shall have been paid by the State, for the employee's coverage or by the local employer for the employee and/or his dependents, as the case may be.

No Basic Plan benefits will be paid for service rendered after the effective date of termination except that, if a person is confined to a hospital on that date, benefits, to the extent available, will be continued during the uninterrupted continuation of that confinement.

The Major Medical Insurance will also terminate if the Basic Plan terminates. In addition, a dependent's insurance will terminate when he is no longer an eligible dependent, or if contributions required for dependent coverage are not received.

- 114.1 VOLUNTARY TERMINATION - An employee may elect voluntarily to terminate his coverage for Basic Benefits and/or Major Medical Benefits coverage, or for his dependents at anytime, but termination of the employee's own coverage shall automatically terminate the coverage of the employee's dependents. Such voluntary termination shall be effected by written notice thereof to the Commission.

HEALTH BENEFITS
STATE PROGRAM

114.2 LEAVE OF ABSENCE WITHOUT PAY - The coverage of an eligible employee and of an employee's dependents during any period of authorized leave of absence without pay shall terminate on the last day of the second coverage period following the last bi-weekly payroll period or month for which the employee received a salary payment. However, coverage of such employee and such employee's dependents may be continued by such employee, provided that the employee shall pay in advance the total premium required for the employee's coverage and coverage of the employee's dependents during such period of authorized leave of absence without pay; provided that no period of continued coverage, as specified above, shall exceed a total of six bi-weekly payroll periods, or three months, during which the employee receives no pay. In those instances where the leave of absence without pay is for a period of more than three months, the member may still prepay Health Benefits premiums for the first three months of the approved leave of absence.

114.3 CHANGE IN STATUS -

- a. Change to Part Time--In the event that an employee's active full time employment shall cease and the employee shall become a "part time" employee, such employee's Basic Benefits coverage and Major Medical Benefits coverage, and the coverage of such employee's dependents, shall be terminated.

However, please see section 111.1 in reference to the limited continuation of coverage while on sabbaticals.

HEALTH BENEFITS
STATE PROGRAM

- b. Dependent No Longer Eligible--When dependent children reach the age of 23 or marry before that time, they are no longer covered under their parent's enrollment. As coverage ceases automatically without any notice being given, the child is responsible for taking prompt action to obtain separate enrollment. To assure uninterrupted protection, application for Basic Benefits protection should be made directly to the Blue Cross-Blue Shield office at 500 Broad Street, Newark, N. J. 07101, within 60 days before the child's coverage will terminate. However, a child who is physically or mentally incapable of self-support upon attainment of age 23 may be continued under the plan while remaining incapacitated and unmarried, subject to the coverage continuing in effect. Proof of incapacity must be received by the Division of Pensions within 31 days after coverage would otherwise terminate.

114.4 RESIGNATION, TEMPORARY LAYOFF, REDUCTION IN FORCE - The coverage of an employee whose eligibility has ceased because of his resignation, temporary layoff, separation through a reduction in force, or for any other reason, and the coverage of his dependents, shall be terminated subject to the conversion rights.

114.5 CONVERSION - The Basic Benefits Coverage of an employee, and an employee's dependents may be continued after termination of coverage under the State program for any reason, except voluntary termination, on a direct remittance basis under Left-Group Coverage. "Left-Group" pertains to the employee who has left the group coverage and may or may not be eligible to continue his basic benefits under terms of an individual, as distinguished from a group, contract. This means, under the State plan, that if the employee's enrollment terminates for reasons other than retirement, or because he meets the age requirement of the Federal Medicare program but does not have full Medicare coverage, or if his enrollment continues but one of his dependents ceases to qualify as an eligible dependent, he or his dependent has the right to obtain, without evidence of good health, personal, direct-pay Basic Benefits contracts issued by Blue Cross and Blue Shield.

HEALTH BENEFITS STATE PROGRAM

There is, however, no conversion privilege allowing Major Medical insurance to be continued once a covered person's group enrollment is terminated. The Division of Pensions will arrange to notify Blue Cross-Blue Shield when the employee leaves his job with the employer. Shortly afterwards, a premium notice will be sent to his home and he will have 31 days within which to return it with his payment to Blue Cross-Blue Shield, in order to exercise his conversion rights.

- 114.6 TERMINATION OF EMPLOYER PARTICIPATION - An employer will be considered in default 31 days after the coverage period for which premiums were due. At this point, coverage will terminate for all employees and dependents and the employer must notify all employees of the termination of coverage.

For purposes of local coverage, where a participating employer voluntarily terminates coverage, the coverage for his active and retired employees shall terminate at the end of the coverage period corresponding to the premiums that have been transmitted to the carriers by the Division of Pensions. The employer shall be barred as a participating employer from future re-entry into the program.

Also, a participating employer will be considered in default 31 days after the beginning of the coverage period for which premiums were due. At that point coverage will terminate for all employees and their dependents covered by the employer.

The insurance for employee and his dependents will terminate if his service as an eligible employee of the State or with the participating employer terminates, his employer ceases to be a participating employer or if the Group Insurance plan is discontinued. Coverage under the Health Benefits program will also terminate if he meets the age eligibility requirement for the Federal Medicare program but is not covered by the complete Federal program. The cessation of active full time employment shall be considered as having occurred on the last day of the coverage period for which premiums have been paid.

HEALTH BENEFITS
STATE PROGRAM

115. ELIGIBLE EMPLOYERS - Any county, municipality, school district or public agency, such as housing and sewerage authorities, as defined in section 71 of Chapter 84 of the Laws of 1954, may elect to participate in the State Health Benefits program.

The requirements are the same for all local employers. There is no minimum number of employees who must enroll when the plan is adopted by a local employer. Every employee, however, must sign an enrollment card either accepting or rejecting coverage. All new eligible employees must likewise file such cards. No minimum number of employees and dependents are required upon entrance into the program or for continuation in the plan as long as all eligible employees are permitted to accept or reject coverage. Many employers already have Blue Cross and Blue Shield coverage when they enter the State program. The Blue Plans will cancel any existing contract with such an employer. It will not be necessary for the employer to cancel on the anniversary date.

- 115.1 EMPLOYER CHARGES - A participating employer must make the plan available to all of his eligible employees and the employer must pay the full cost of employee coverage for all of his employees who enroll. Also, the local employer may pay any portion of the cost for the dependent coverage of the employees who have established coverage in the Health Benefits program for their dependents. However, should a local employer agree to pay part or all of the cost for dependent coverage after the Health Benefits program has been adopted by the employer, all employees must be resolicited with respect to coverage for themselves and their dependents. The employer shall give all of his employees an opportunity to complete and forward a new enrollment form within 60 days following the employer's assumption of the dependent premium charges. Any employee who fails to complete and forward the required form within the time limits which have been prescribed, may effect such change of enrollment only during the annual enrollment period.

**HEALTH BENEFITS
STATE PROGRAM**

Chapter 191 of the Laws of 1966 also requires the employer to reimburse the active employee for the \$4.00 monthly premium which the employee is paying to Social Security for his Part B coverage (not for his spouse) under Federal Medicare. The reimbursement is not includible in the gross income of the employee and is not subject to withholding or Social Security tax.

In addition, such participating employer will share, with the State of New Jersey, expenses for the administration of the plan.

The State's Public and School Employees Health Benefits Program is an experience-rated plan, based on the experience of employees of all localities who enroll in the program. The net cost of the plan is based on the experience of employees of all participating localities and as such differs from the community-rated plans for all other Blue Cross and Blue Shield subscribers and groups.

- 115.2 ADMINISTRATIVE EXPENSE - The administrative fee paid by local employers shall be applicable for each fiscal year in which the local employer is participating, with billings of participating employers upon entrance into the program and the regular fee due and payable on January 1. The minimum fee shall be \$25 and the maximum shall not exceed \$1,500 pursuant to the following schedule of fees related to the number of employees reported under the program:

<u>Number of Employees</u>	<u>Fee Schedule</u>
1 - 12	\$ 25
13 - 100	\$ 25 plus \$1.50 per employee over 12
101 - 200	\$ 157 plus \$1.00 per employee over 100
201 - and more	\$ 257 plus \$.50 per employee over 200

A voucher is sent to the employer by the Division establishing the value of the administrative fee and the period covered by the fee.

115.3 MONTHLY RATE CHART FOR LOCAL EMPLOYERS ONLY
(EFFECTIVE JULY 1, 1968)

HB-82-111-568

PUBLIC & SCHOOL EMPLOYEES' HEALTH BENEFITS PROGRAM

MONTHLY RATES FOR LOCAL EMPLOYERS EFFECTIVE 7/1/68

<u>Under Age 65</u>	<u>Coverage Code</u>	<u>Basic Plan Blue Cross - Blue Shield</u>	<u>Major Medical</u>	<u>Total Monthly Premium</u>
Single - Paid by Employer	10	6.71	1.04	7.75
EMPLOYER MAY PAY ALL OR ANY PORTION OF THE ADDITIONAL DEDUCTIONS FOR DEPENDENT COVERAGE:				
Husband & Wife	40	9.05	1.18	10.23
Family (<i>With Children</i>)	50	15.25	1.68	16.93
Parent & Child(<i>ren</i>)	80	6.84	.40	7.24
 <u>Over Age 65</u>				
*Single - Paid by Employer	11	3.75	1.04	4.79
EMPLOYER MAY PAY ALL OR ANY PORTION OF THE ADDITIONAL DEDUCTIONS FOR DEPENDENT COVERAGE:				
Husband & Wife (<i>Employee over 65</i>)	41	6.71	1.18	7.89
Husband & Wife (<i>Both over 65</i>)	42	3.75	1.18	4.93
Husband & Wife (<i>Spouse over 65</i>)	43	3.75	1.18	4.93
Family (<i>Employee over 65</i>)	51	13.55	1.68	15.23
Family (<i>Both over 65</i>)	52	10.59	1.68	12.27
Family (<i>Spouse over 65</i>)	53	10.59	1.68	12.27
Parent & Child(<i>ren</i>)	81	6.84	.40	7.24

*Chapter 192, P.L. 1966 requires the employer to reimburse the active employee for the \$4.00 monthly premium which the employee had paid to Social Security for his Part B coverage (*not for his spouse*) under Medicare. We suggest that the employee be reimbursed only semi-annually.

HEALTH BENEFITS
STATE PROGRAM

115.4 EMPLOYER PARTICIPATION - In order for any local employer to participate in the New Jersey Public and School Employees Health Benefits plan, the governing body must pass a resolution requesting participation in the program. Please see section 115.41.

The resolution should be adopted and returned to the Division of Pensions indicating a specific future effective date of coverage. The resolution must be in the office of the Division of Pensions 60 days prior to the effective date which must be on the first of any given month. Upon receipt of the resolution and its approval by the State Health Benefits Commission, the Division will forward to the employer a supply of Enrollment and Authorization cards, a supply of employee booklets explaining the benefits of the plan and a roster form on which the employer should list all of his employees.

The employer will complete the roster form for all employees with particular attention to the item denoted "part time" on the form. In all instances where the employee is part time, the number of hours that he works must be indicated on the roster form since a minimum of 20 hours per week is needed in order to qualify the employee for coverage in the Health Benefits program. Please see section 111.1. For every employee shown on the roster, the employer must distribute an Enrollment and Authorization card which must be completed by the employee indicating his acceptance or rejection of Health Benefits coverage. The roster and completed Enrollment and Authorization cards must be returned to the Division of Pensions.

It is important that the cards be carefully completed by the employees, giving all required information. Upon receipt of the enrollment cards and the roster, the Division of Pensions will:

- a. Send the employer Blue Cross and Blue Shield identification cards and an insurance certificate for Major Medical coverage for distribution to the covered employee, and
- b. Bill the employer monthly for appropriate premiums for all insured employees and their dependents.

Please see section 115.42 for a sample copy of the Major Medical certificate.

STATE OF NEW JERSEY - DIVISION OF PENSIONS
PUBLIC AND SCHOOL EMPLOYEES' HEALTH BENEFITS PROGRAM

R E S O L U T I O N

A RESOLUTION to authorize participation under the Public and School Employees' Benefits Act of the State of New Jersey.

BE IT RESOLVED:

1. The _____
(Name of Employer)

hereby elects to participate in the program provided by the Public and School Employees' Health Benefit Act of the State of New Jersey (L. 1964, Ch. 125) to become a participating employer and to authorize coverage for all the employees and their dependents thereunder in accordance with the statute and regulations adopted by the State Health Benefits Commission.

2. As a participating employer we will pay and remit to the State Treasury contributions to premiums on account of employee coverage and periodic charges in accordance with the requirements of the statute and the rules and regulations duly promulgated thereunder.

3. We hereby appoint the _____
(Name of Title)

to act as Certifying Agent in the administration of this program.

4. This resolution shall take effect immediately and coverage shall be effective as of _____ or as soon thereafter as it may be
(Date)

effectuated pursuant to the statutes and regulations.

I hereby certify that the foregoing
is a true and correct copy of a
resolution duly adopted by the

(Name of Employer)

on the _____ day of _____
19 ____.

(Signature)

The Prudential Insurance Company of America

(HEREIN CALLED THE INSURANCE COMPANY)

CERTIFIES that the Employee named herein is insured for Major Medical Expense Insurance under Group Policy No. GZ-20500 providing coverage for Employees of Participating Employers under the Public and School Employees' Health Benefits Act and issued to

STATE HEALTH BENEFITS COMMISSION ON BEHALF OF THE STATE OF NEW JERSEY

(HEREIN CALLED THE POLICYHOLDER)

EMPLOYEE:	CERTIFICATE No.	EFFECTIVE DATE*	COVERAGE CLASS**
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*Provided the Employee is then actively at work on full time at his customary place of employment or other location to which his employment requires him to travel.

**If the numeral "1", "2", "3", or "6" appears under this heading, the Employee is insured only with respect to his own illnesses.

If the numeral "4", "5" or "8" appears under this heading, the Employee is insured with respect to his own illnesses and with respect to the illnesses of each of his qualified dependents included in such "Coverage Class" on or after the effective date of this Certificate, except as provided in the last sentence of this paragraph and except as provided in the section of this Certificate entitled "Deferment of a Dependent's Insurance". In no event will the Employee become insured with respect to the illnesses of any qualified dependent who is not covered for basic dependents coverage.

The qualified dependents included within Coverage Classes are as follows:

- Coverage Class 5: The Employee's qualified dependent wife or husband and qualified dependent children.
- Coverage Class 4: The Employee's qualified dependent wife or husband.
- Coverage Class 8: The Employee's qualified dependent children.

The provisions of the Group Policy principally affecting the Employee's Major Medical Expense Insurance are summarized on this and the following pages of this Certificate. All benefits are subject in every respect to the Group Policy, which alone constitutes the agreement under which payments are made.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Group Major Medical Expense Insurance Certificate Non-Occupational Coverage

ORD 29168-1 ED 3-65

Printed 3-65

If you acquire a qualified dependent after becoming insured for Major Medical Expense Insurance, the name of such dependent should be reported to your employer immediately. Should you cease active work for any reason, including retirement, contact your employer at once to determine what arrangements, if any, can be made to continue your insurance.

HEALTH BENEFITS
STATE PROGRAM

- 115.5 NEW ENROLLMENTS - An enrollment card (section 115.71) must be completed by the employee and the payroll clerk in order to establish the employee's coverage in the Health Benefits program.

Employees of local employers who do not enroll in the Health Benefits program at the time they are eligible, may only enroll at the annual enrollment period each year during the month of January, coverage effective April 1. This rule applies to adding dependent coverage other than as a result of a change in family status. The annual enrollment period for employees of the State and the State subgroups is the first Monday in May of each year with coverage effective for the first coverage period in July.

All employees hired after their employer has adopted the Health Benefits program will be eligible for coverage on the first of the month following three months of continuous employment. A one-month advance premium is required for each new enrollment, and the enrollment card and the advance premium must be submitted with the report of the local employer dated the 24th of the month preceding the effective date of coverage. If the employee was covered by Blue Cross-Blue Shield with his former employer, or by private contract, he should continue to forward direct payments to the Blue Plans for the first three months of his new employment. This will assure the continuation of his Blue Plan coverage without interruption.

In the case of State employees being reported through the Centralized Payroll Unit, the card and advance premium must be submitted to the Centralized Payroll Unit by the payroll clerk prior to the fifth bi-weekly pay period following the date of hire, preceding the effective date of coverage. When an employer enrolls an employee who terminates his service prior to three months of service, the Division of Pensions should be notified of the termination or the employer will be liable for the advance premium payment.

For example, in the case of local coverage, John Doe is employed on January 8, 1968, eligible for coverage May 1, 1968. The premium and the enrollment card must be submitted with the report dated April 24, 1968.

HEALTH BENEFITS STATE PROGRAM

In a similar example pertaining to State bi-weekly coverage, John Doe is employed on the bi-weekly pay period beginning on January 2, 1967, is eligible for coverage on the bi-weekly pay period beginning March 27, 1967. The enrollment card must be submitted to the Centralized Payroll Unit prior to the bi-weekly pay period beginning February 27, 1967 in order to have deductions for premiums two bi-weekly pay periods in advance of the employee's effective date of coverage, March 27, 1967.

115.6 THE ENROLLMENT CARD - To avoid undue delay in the processing of enrollments, the payroll clerk should inspect the card for the completeness of the following information supplied by the employee, as well as those items that must be completed by the payroll clerk:

- a. Data completed by employee:
 1. Date of employment.
 2. Payroll number and employee number to be completed by State employees paid by the State Centralized Payroll Unit.
 3. Birth date.
 4. Last name, first name and middle initial must be printed, as well as the employee's mailing address.
 5. If the employee is enrolled in the Blue Cross - Blue Shield plan at the time the enrollment and authorization card is completed, the employee's identification number for Blue Cross or Blue Shield, as well as the group number, if applicable, should be indicated in the appropriate section.
 6. The "M" and "F" on the card will be checked by the employee to indicate his sex.
 7. Name of former employer and date employment terminated will be given.

HEALTH BENEFITS
STATE PROGRAM

- 115.6 8. The employee must sign and date the card, authorizing enrollment in the program, as well as certify that if he or his spouse is 65 years of age or over, that they are enrolled for the full Federal Medicare program.
- cont'd.
9. The employee must check the appropriate box on the enrollment and authorization card indicating the specific type of coverage he wants for himself or his dependents. The employee may elect Basic and Major Medical coverage or just Blue Cross and Blue Shield coverage for his dependents without Major Medical coverage. However, the employee cannot elect only Major Medical coverage for his dependents.
10. An employee who rejects coverage must complete the item, "I do not wish to enroll in this program."
11. The first name and birth date of each covered dependent and the relationship of the dependent must be shown by the employee.
12. Marital status is to be denoted.
13. If the spouse is listed as a dependent and is employed by the State of New Jersey or any other public employer in New Jersey, the employee should indicate the name of the spouse's employer. In the event the spouse's employer is the State of New Jersey and the spouse is paid by the State Centralized Payroll Unit, the employee should show the spouse's payroll number and employee number.
14. If the employee is applying for a change in coverage, the appropriate section of the enrollment and authorization card must be completed.
15. If the employee wishes to terminate the coverage of a dependent, the relationship of the person, the reason for termination and the date the termination occurred should be shown on the enrollment card.

HEALTH BENEFITS
STATE PROGRAM

115.6
cont'd.

DESCRIPTION OF COVERAGE	BASIC AND MAJOR MEDICAL COVERAGE	BASIC COVERAGE ONLY
Employee only	1	
Husband & Wife (No Maternity)	4	2
Family (With Maternity)	5	3
Employee and Child	8	6

The second digit of the code is as follows:

- 1 - Employee over 65
- 2 - Employee and spouse over 65
- 3 - Spouse over 65
- 0 - Employee and spouse under 65

For example, an employee who establishes Basic and Major Medical coverage for his family under the Health Benefits program, provided both he and his wife were under the age of 65, would be assigned a coverage code of 50. A husband and wife enrolled for Basic and Major Medical coverage who are over the age of 65 would be assigned a coverage code of 42.

HEALTH BENEFITS
STATE PROGRAM

- b. Data completed by payroll clerk:
1. Name of employer.
 2. Report number.
 3. County location (if local employer).
 4. Type of transaction, such as new enrollment, coverage change, Medicare change, etc.
 5. It should be indicated whether the employee and/or spouse is over or under the age of 65 on the date of coverage.
 6. Signature of Certifying Agent and date.

The payroll clerk should review the card as prepared by the employee to determine that all of the information on both sides of the card has been completed and agrees with the personnel data in his payroll records.

- 115.7 COVERAGE CODES - The coverage code is developed from the information contained on the member's enrollment card relative to the employee's participation in the program as well as the coverage established for his dependents, if any. The code assigned is composed of two digits. The first digit is a description of the employee's coverage, whereas the second digit establishes whether the employee, spouse, or both, are under or over the age of 65. Age 65 is significant since an employee and spouse who attain age 65 must be fully covered under the Federal Medicare program in order to continue their coverage in the State Health Benefits program, either as active employees or as retired employees. Listed below is an illustration of the first digit which would be used in establishing the employee's description of coverage:

HEALTH BENEFITS STATE PROGRAM

115.71 ENROLLMENT AND AUTHORIZATION CARD FORM -

Front Side

CHECK ONE BOX (✓)

I apply for the coverage checked below:	BASIC AND MAJOR MEDICAL	BLUE CROSS & BLUE SHIELD FOR DEPENDENTS ONLY	N.J. PUBLIC AND SCHOOL EMPLOYEES HEALTH BENEFITS ACT ENROLLMENT AND AUTHORIZATION CARD (BOTH SIDES OF THIS CARD MUST BE COMPLETED - PLEASE PRINT)								
Employee Only	1	2	DATE OF EMPLOYMENT		FOR STATE EMPLOYEES ONLY		BIRTH DATE (Use Numbers)				
Employee and Spouse (NO MATERNITY)	4	3	MONTH	DAY	YEAR	P/R #	EMPLOYEE #	MONTH	DAY	YEAR	
Family (With Maternity)	5	6	PLEASE PRINT _____ LAST NAME FIRST NAME MIDDLE INITIAL _____ STREET CITY AND STATE COUNTY IF PRESENTLY ENROLLED WITH BLUE CROSS OR BLUE SHIELD ENTER BELOW: GROUP NUMBER IDENTIFICATION NUMBER SEX <input checked="" type="checkbox"/> M <input type="checkbox"/> F								
Employee and Child(ren) (NO MATERNITY)	8	9									
I do not wish to enroll in this program	9	X									
FOR DIVISION USE ONLY											
420	374	386 -417	385 406								
PAYROLL CLERK - COMPLETE THIS SECTION				REPORT NUMBER							
NAME OF PRESENT EMPLOYER			COUNTY								
<input type="checkbox"/> NEW ENROLLMENT	<input type="checkbox"/> COVERAGE CHANGE	<input type="checkbox"/> MEDICARE CHANGE	<input type="checkbox"/> SEE BELOW								
Indicate whether employee and/or spouse is 65 years old or older on the date of coverage. (mark X in ONE box)											
EMPLOYEE & SPOUSE UNDER 65	0	EMPLOYEE ONLY OVER 65	1	EMPLOYEE & SPOUSE OVER 65	2	SPOUSE ONLY OVER 65	3				
I CERTIFY This employee is entitled to enroll for the above coverage.											
SIGNATURE _____						DATE _____					
EMPLOYEE'S SIGNATURE						DATE					
IBM N58514-0						(BOTH SIDES OF THIS CARD MUST BE COMPLETED)					
						AP1161 (1-68)					

Reverse Side

IF YOU ARE NOW APPLYING FOR A CHANGE, CHECK REASON AND COMPLETE BELOW: <input type="checkbox"/> Enroll Dependents DATE OF MARRIAGE MAIDEN NAME OF WIFE <input type="checkbox"/> Enroll Spouse IF YOU ARE NOW TERMINATING ENROLLMENT OF WIFE(HUSBAND) OR DEPENDENTS, CHECK REASON AND COMPLETE BELOW: <input type="checkbox"/> DIVORCE <input type="checkbox"/> SEPARATION <input type="checkbox"/> CHILD ATTAINING AGE 23 <input type="checkbox"/> DEATH <input type="checkbox"/> MILITARY SERVICE <input type="checkbox"/> OTHER RELATIONSHIP OF PERSON(S) TERMINATED _____ DATE OCCURRED _____ _____ Mo. Day Yr.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">LIST FIRST NAME AND BIRTH DATE OF EACH COVERED DEPENDENT.</th> <th colspan="3">BIRTH DATE</th> <th rowspan="2">SPOUSE</th> <th rowspan="2">CHILD</th> <th rowspan="2">STEP-CHILD</th> <th rowspan="2">ADOPTED-FOSTER CHILD</th> </tr> <tr> <th colspan="3">MARK (X) BOX FOR RELATIONSHIP</th> <th>MONTH</th> <th>DAY</th> <th>YEAR</th> </tr> </thead> <tbody> <tr><td>1</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>5</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>6</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>7</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> </tbody> </table> <p style="text-align: center;">MARITAL STATUS SINGLE <input type="checkbox"/> MARRIED <input type="checkbox"/> WIDOW OR WIDOWER <input type="checkbox"/> DIVORCED <input type="checkbox"/> SEPARATED <input type="checkbox"/></p> <p>IF YOUR SPOUSE IS LISTED AS A DEPENDENT AND IS EMPLOYED BY THE STATE OF NEW JERSEY OR ANY PUBLIC EMPLOYER IN NEW JERSEY, FILL IN SECTION BELOW:</p> SPOUSE'S EMPLOYER _____ SPOUSE'S PAYROLL NUMBER _____ EMPLOYEE NO. _____ (State Employees Only)		LIST FIRST NAME AND BIRTH DATE OF EACH COVERED DEPENDENT.			BIRTH DATE			SPOUSE	CHILD	STEP-CHILD	ADOPTED-FOSTER CHILD	MARK (X) BOX FOR RELATIONSHIP			MONTH	DAY	YEAR	1											2											3											4											5											6											7										
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IBM N 58515-0

ORDER

HEALTH BENEFITS
STATE PROGRAM

115.8 CHANGE UNDER MEDICARE - All employees must complete a Change in Coverage Application when they or their dependents attain age 65. At age 65 Health Benefits coverage can only be continued provided the employee or his dependents are covered under both Parts A and B of the Federal Medicare program. When the employee attains age 65, an application for change in coverage (section 115.81) will be sent to the employee by the Division of Pensions. The employee must complete the card within a two-week period after it is received and return it to the Health Benefits Section, or submit the application to his employer who will adjust the monthly Health Benefits report. When the employer makes the adjustment on the report, the application for the change in coverage must be attached to the report.

The change in coverage is effective on the first of the month in which the member attains age 65 and if the application for change in coverage is not timely received, the member's as well as the dependent's coverage will be terminated. The employee would not be eligible to reestablish coverage until he has secured his participation in the Federal Medicare program and applies for reenrollment during the annual enrollment period.

A Request for Change in Coverage Application must also be completed by the employee when his dependent attains age 65. However, the employee must notify his employer or the Health Benefits Section that his dependent will attain age 65, in order to secure an Application for a Change in Coverage. The application would be mailed directly to the employee by the Health Benefits Section and the application must be returned to the Division of Pensions within two weeks after the date it has been received, or the employer may secure the application from the employee and adjust the monthly Health Benefits report. The employer must attach the Application for Change in Coverage to the monthly report when he makes the adjustment. The effective date of the change in coverage will be the first of the month during the month in which the dependent attains age 65. Again, it must be understood that unless the Application for Change in Coverage is timely received, the employee may be jeopardizing Health Benefits coverage since it cannot be continued unless both Parts A and B of the Federal Medicare program have been secured by his eligible dependent.

HEALTH BENEFITS STATE PROGRAM

115.81 MEDICARE CHANGE CARD

Front Side

GROUP NUMBER		EMPLOYEE NUMBER	EMPL # CODE	IDENTIFICATION NUMBER	H.S.P. COV. CODE			M.S.P. COV. CODE			NEW		SEX	PLAN
SUB	MAIN				RIDER	SERIES	TYPE	RIDER	SERIES	TYPE	H.S.P. COV. CODE	M.S.P. COV. CODE		
EMPLOYEE NAME														

REQUEST FOR CHANGE IN BLUE CROSS® - BLUE SHIELD® COVERAGE DUE TO MEDICARE

SINCE I WILL SOON ATTAIN AGE 65, PLEASE CHANGE MY PRESENT COVERAGE, AND THAT OF MY SPOUSE, IF ANY (WHO IS ALSO AGE 65 OR OLDER), TO THE COVERAGE FOR WHICH I (WE) WILL THEN BE ELIGIBLE. RETAIN EXISTING COVERAGE FOR ANY ENROLLED FAMILY MEMBERS UNDER AGE 65.

CHECK PROPER BOXES TO INDICATE ENROLLMENT IN MEDICARE PROGRAM →			HOSPITAL INSURANCE (PART A) →			SUBSCRIBER <input type="checkbox"/> YES <input type="checkbox"/> NO			SPOUSE <input type="checkbox"/> YES <input type="checkbox"/> NO			
MEDICAL INSURANCE (PART B) →			<input type="checkbox"/> YES <input type="checkbox"/> NO			<input type="checkbox"/> YES <input type="checkbox"/> NO			<input type="checkbox"/> YES <input type="checkbox"/> NO			
SUBSCRIBER'S ADDRESS (PLEASE PRINT)				NAME OF MY HUSBAND OR WIFE (IF ANY)				HIS (HER) BIRTHDATE				
NUMBER STREET				LAST NAME		FIRST NAME		MIDDLE INITIAL		MO	DAY	YEAR
CITY		STATE		ZIP CODE		HIS (HER) SOCIAL SECURITY NO.				SUBSCRIBER'S SIGNATURE		DATE

- FOR PLAN USE ONLY -											TO BE ENTERED BY GROUP OFFICIAL ONLY									
PLAN	TRANS	IDENTIFICATION NO	SEX	H.S.P. COV CODES			M.S.P. COV CODES			EFFECTIVE DATE	STATUS	HEALTH EXPIRATION	TRANSFER PENDING	DEPENDENT'S REPORTING NO.						
				R.	T.	R.	D.	SER.	TYPE	R.	T.	R.	D.			SER.	TYPE	EFFECTIVE DATE		
	428																			
PLAN	TRANS	IDENTIFICATION NO	SEX	R.	T.	R.	D.	SER.	TYPE	R.	T.	R.	D.	SER.	TYPE	EFFECTIVE DATE	2	0	0	0

EN 2214 (1-68)

IMPORTANT: LIST ELIGIBLE CHILDREN ON REVERSE SIDE OF CARD

IBM N58124-G

Reverse Side

NAMES OF ELIGIBLE CHILDREN UNDER AGE 19 YEARS AND UNMARRIED <small>(IF NONE, ENTER 'NONE')</small>	BIRTHDATE			RELATIONSHIP		TO BE ENTERED BY GROUP OFFICIAL ONLY	
	MO.	DAY	YR.	SON	DAUGHTER	REPORTING NUMBER	IF OTHER THAN IDENTIFICATION NO.

COMPLETE BOTH SIDES

IBM N58125-C

HEALTH BENEFITS
STATE PROGRAM

116. REPORTING PROCEDURE - Each month a report is sent to all local employers and the monthly subgroups of the State by the Health Benefits Section reflecting the total number of employees and their dependents who are covered by the Health Benefits program. The monthly report is sent to the employer on or about the 11th of the month and must be returned to the Division of Pensions by the 24th of the month. The monthly report must be received by the 24th of the month in order to guarantee continuation of coverage for all employees.

Most State employees covered by the Health Benefits program are reported for coverage through the State Centralized Payroll Unit. All applications for changes in coverage or new enrollment applications must be received from the Centralized Payroll Unit on the first Friday of the week following the date that the member actually receives his bi-weekly pay. For example, a member who had a change in coverage for the bi-weekly pay period October 7 - October 20, 1967 had his pay check issued to him on October 27, 1967. The State Centralized Payroll Unit had to submit on November 3, 1967 a change in coverage application in order to have the member's effective date of coverage established on the November 8 - November 21, 1967 bi-weekly pay period. Each State payroll clerk will annually receive a schedule indicating when enrollment or change in coverage applications should be received by the Centralized Payroll Unit and likewise denoting when premiums should be deducted for timely coverage.

- 116.1 MONTHLY REPORT OF COVERAGE AND PREMIUMS - The monthly report of contributions is prepared by the Division of Pensions on data processing equipment. The report is a projection of the probable liability of each member and his employer based on the data received from the employer on the prior month's report.

HEALTH BENEFITS
STATE PROGRAM

116.2 HEADING OF MONTHLY REPORT - The heading of the monthly report contains the following information:

- a. Employer Identification Number--This is always a five digit number which is assigned to every local employer who has covered his employees in the Health Benefits program.
- b. Name of Employer.
- c. Due Date of Report--The due date of all monthly reports is the 24th of the month.

116.3 COLUMNAR DATA OF MONTHLY REPORT - There are ten columns of information on the report which are as follows:

- a. Employee Identification Number--The employee number is a ten digit number, coded to reflect the employee's name and birth date. It is a number common to the Blue Cross, Blue Shield Plans but will also appear on the Major Medical certificate issued by the carrier of that coverage. The Division of Pensions, in order to expedite the mass enrollment of public employees in the State Health Benefits program, assigns the number. The number is later matched against the assigned numbers of all Blue Cross, Blue Shield subscribers to eliminate duplication. If a duplicate is matched, another number in that sequence will be assigned and the Division will issue corrected identification cards in such event. The experience indicates that duplicates are rare and, as such, warrants the issuance of the cards in order to provide identification data as quickly as possible to newly enrolled employees. The number is extremely important since it establishes for the member his coverage in the Health Benefits program. When the employee is admitted to a New Jersey Blue Cross member hospital or requires a doctor's services for any surgical or medical treatment covered by the plan, he must present his identification card, which contains the employee's identification number in order to confirm his eligibility for Blue Cross, Blue Shield benefits.

HEALTH BENEFITS
STATE PROGRAM

- b. Full last name of employee, abbreviated first name, and middle initial.
- c. Employer "cost of coverage" - the employer is required to pay the cost of coverage for all enrolled employees.
- d. Code, identifying the member's coverage in the Health Benefits program. Please see section 115.7.
- e. through f.
The coverage code applicable to each member is indicated in these columns as well as the premium cost for dependent coverage.

The extreme right-hand side of the monthly report should be used by the employer to indicate the reasons why changes were made on the monthly report. For example, if an employee resigned or retired, the employer would indicate this information as well as the date of the resignation or retirement. A sample of the monthly report for members of the Health Benefits program is illustrated in section 116.71 - 116.72.

- 116.4 TOTALS OF MONTHLY REPORT - At the end of each page of the monthly report are totals shown for the number of employees on each page of the report, as well as the total of all premium columns. In the event any changes are made that would alter the information contained on the monthly report, the individual page total should be altered to indicate the correct number of employees being reported, as well as the revised totals for each of the premium columns as adjusted on the report.

At the end of each monthly report there is a section entitled "Report Summary and Transmittal Page" which summarizes the information contained on the report. The summary includes the following information:

- a. Total number of employees covered on the report.
- b. Total cost to employer for single employee coverage.
- c. Total cost for dependent coverage.
- d. Break down of the total cost attributable to each type of dependent coverage.

HEALTH BENEFITS STATE PROGRAM

The summary information is adjusted by the employer to indicate the revised grand total of employees shown on the report, as well as the revised grand total of all premium columns on the monthly report.

The summary totals include the value of premiums payable to the Employers' Health Benefits Fund and the Dependent's Health Benefits Fund. The employer should total the value of each column on every page of the report pertaining to employer contributions, to be certain it agrees with the summary total shown as payable to the Employers' Health Benefits Fund. Also, the total premiums payable to the Dependent's Health Benefits Fund should be verified by the employer, by crossfooting the total value of premiums shown on each page of the report for dependent coverage.

The adjusted grand total figures for "single coverage cost" and "dependent cost" will be indicated by the employer in the summary section. Also, the new totals will be shown by the employer in the corrected report totals to be given in the summary section of the monthly report. The report must be signed by the payroll agent completing the report.

- 116.5 CHANGES TO MONTHLY REPORT - The local employer is obligated to alter the monthly report to reflect the addition of any new enrollment, deletions of employees who have terminated their positions, as well as any changes in coverage that may have occurred during the month covered by the report. In those instances where the employee has a change in coverage, or is being added to the report as a new enrollment, a completed application must accompany the monthly report. A new enrollment would be added to the end of each report, whereas a change in coverage would be reflected by the employer in changing the coverage code of the employee shown on the report to reflect the employee's current coverage status, as substantiated by the information contained on the application attached to the monthly report. The adjusted value of premiums due for a change or deletion of coverage must also be indicated on the monthly report.

HEALTH BENEFITS
STATE PROGRAM

116.6 PREMIUM PAYMENTS - Each local employer is required to remit two checks monthly to the Division of Pensions: one check covering the employer's cost and one check covering the value of the premiums deducted from covered employee's wages for dependent coverage. The check for the employer cost should be made payable to the "New Jersey Employer's Health Benefits Fund," while the check covering the cost of dependent coverage should be made payable to the "New Jersey Dependent's Health Benefits Fund."

The value of the checks will be the same value as indicated by the employer in the "corrected report section" of the Health Benefits report.

In those cases where the local employer is paying all or some portion of the cost of dependent coverage, the premium payment should nevertheless be reflected in the check payable to the Dependent's Health Benefits Fund.

HEALTH BENEFITS
STATE PROGRAM

116.7 SAMPLE MONTHLY REPORT - The following sample copy of the monthly report for members under the Health Benefits program illustrates some of the adjustments in premiums and coverage which will have to be made by the employer in order to properly complete the monthly report. Section 116.71 illustrates the body of the monthly report while section 116.72 denotes the summary page of the report, providing for the employer's certification of coverage and premiums to be remitted.

116.71 SAMPLE MONTHLY REPORT

NEW JERSEY PUBLIC AND SCHOOL EMPLOYEES HEALTH BENEFITS ACT

00 92878 0 BELLI BOROUGH

COVERAGE REPORT AND TRANS

				EMPLOYER-CODE-	DEP 4	DEP 5		
0404	02	1403	ADAMS	DOR	7.43	1		
0823	12	1326	AGINS	WIL H	4.79 7.43	52 12.05 15.80		
1303	08	2818	ALLEN	CHA B	7.43	4 10.51 15.80		
0808	24	2317	BLACK	HAR	7.43	4 10.51		
0607	02	0941	BROWNL	GAR L	7.43	5 15.80		
1310	24	0118	CARSON	JOS	7.43	5 15.80		
1205	01	0315	COOK	ELI E	7.43	1		
2010	09	2629	DIMARIA	JOS W	7.43	5 15.80		
0901	01	1718	DUNN	ANT	7.43	5 15.80		
0210	24	1517	EDWARDS	JAM C	7.43	5 15.80		
0207	21	1530	JAMES	GEO R	4.79 7.43	51 14.69 15.80		
0210	23	2526	JONES	JOH H	7.43	1		
1208	06	0427	MILLER	HAR G	7.43	5 15.80		
1403	11	2834	MURPHY	CAR G	7.43	5 15.80		
1918	27	0136	O'HARA	ROB D	7.43	5 15.80		
1910	32	1505	POLITO	JOH W	7.43	4 10.51		
0305	07	2542	RICH	EDW L	7.43	5 15.80		
1910	11	1114	ROACH	JOS	7.43	5 15.80		
1110	06	0509	ROSS	JOZ	7.43	1		
1418	06	0423	ROSSEN	RAY W	7.43	5 15.80		
0418	12	0525	SMITH	RAY	7.43	5 15.80		
0719	09	1912	JONES STALL BROWN DOE	MAR L JOHN A JOHN P	7.43 7.43 7.43	5 8 2 15.80		
PAGE TOTAL				22 20	EMPLOYEES	163.46 149.32	21.02 31.53	237.00 216.34

MITTAL

DUE SEPTEMBER 24, 1967

DEP 8 DEP 2 DEP 3 DEP 6

RETIRED 8/30/67

EMPLOYEE AND SPOUSE OVER AGE 65 (SEE CHANGE CARD ATTACHED)

REDUCED COVERAGE FROM FAMILY TO HUSBAND & WIFE
(Enrollment Application attached)

TRANSFERRED TO CITY OF JONESVILLE ON 8/20/67

EMPLOYEE ONLY - OVER AGE 65 (SEE CHANGE CARD ATTACHED)

RESIGNED 8/15/67

DIED 8/22/67

NAME CHANGE (MARRIAGE) - SEE ENROLLMENT CARD ATTACHED
NEW ENROLLMENT - CARD ATTACHED

7.02

9.33 TRANSFERRED FROM BELL BORO 9/1/67

. 7.02 . 9.33

CODE 2ND DIGIT

1 EMPLOYEE 65

2 BOTH 65

3 SPOUSE 65

116.72 SAMPLE MONTHLY REPORT-SUMMARY AND CERTIFICATION

NEW JERSEY PUBLIC AND SCHOOL EMPLOYEES HEALTH BENEFITS

00 92878 0 BELLI BOROUGH

COVERAGE REPORT

EMPLOYER DEP 4 DEP 5

REPORT SUMMARY AND TRANSMITTAL PAGE

EMPLOYEES

REPORT TOTALS	20 28	\$	143.32 163.46	31.53 21.02	216.34 237.00
---------------	---------------------	----	-----------------------------	---------------------------	-----------------------------

SINGLE COVERAGE CHECK	\$	143.32 163.46	PAYABLE TO
	\$	264.22 258.02	PAYABLE TO

CORRECTED REPORT TOTALS	EMPLOYEES	EMPLOYER	DEP 4	DEP 5
	20	143.32	31.53	216.34

SINGLE COVERAGE CHECK ATTACHED	143.32	PAYABLE TO
DEPENDENT COVERAGE CHECK ATTACHED	264.22	PAYABLE TO

THIS IS TO CERTIFY THAT THIS COVERAGE

ACT

PAGE 2

AND TRANSMITTAL

DUE SEPTEMBER 24, 1967

DEP 8 DEP 2 DEP 3 DEP 6

7.02	9.33		
.00	.00	.00	.00

N.J. EMPLOYER H.B. FUND

N.J. DEPENDENTS H.B. FUND

DEP 8 DEP 2 DEP 3 DEP 6

7.02 9.33

N.J. EMPLOYER H.B. FUND

N.J. DEPENDENTS H.B. FUND

REPORT AND TRANSMITTAL IS CORRECT.

John S. Doe, Borough Clerk

HEALTH BENEFITS
STATE PROGRAM

116.8 EXPLANATION OF CHANGES TO THE SAMPLE MONTHLY
REPORT -

- Adams The employer deleted Adams from the report since he had retired on August 30, 1967 and premiums were not deducted from the employee's wages during the month of September.
- Agins Employee and spouse were over the age of 65 and a "Request for Change in Blue Cross, Blue Shield Due to Medicare" application was filed to establish the employee and spouse eligibility for the Federal Medicare program. The employer decreased the value of the employer contributions from \$7.43 to \$4.79 as indicated in the rate schedule available to all local employers. Also, the employer added code two to the report to establish that the employee and spouse were both over age 65 and altered the value of dependent coverage from \$15.80 to \$12.05.
- Allen The employee completed a new enrollment application establishing that he wished to reduce his coverage from family to husband and wife coverage. The employer changed the coverage code from family to husband and wife coverage. This was accomplished by the employer by the deletion of digit five representing family coverage and the addition of code four representing husband and wife coverage. Also, the employer deleted the cost of dependent coverage of \$15.80 for family coverage and added the cost of \$10.51, the premium due for husband and wife coverage.

HEALTH BENEFITS
STATE PROGRAM

Brown

The employee was hired on June 8 and was eligible for health benefits coverage on the first of the month following three months of continuous employment. The employee's name was added to the September 24th report since a one-month advance premium is required for each new enrollment and the enrollment card and advance premium must be submitted with the report dated the 24th of the month preceding the effective date of coverage.

For example, John Brown was employed June 8, 1968 and eligible for coverage October 1. The premium and the enrollment card was submitted with the report dated September 24th.

It is important to note that all new enrollments should be added to the end of the appropriate report after the last employee as listed. In the event any eligible employee rejects coverage, an enrollment card must be received after it has been completed by the employee and the employer, indicating the rejection of coverage. In this instance, code nine on the enrollment card, "I do not wish to enroll in this program," would be checked.

Cook

The employee terminated his employment and secured employment with another local employer covered under the Health Benefits program. The employer indicated the date the employment terminated and the name of the new employer, who is also covered under the Health Benefits program. The new employer must add Mr. Cook's name to his September 24th report and deduct the required premiums to maintain the employee's continuous coverage in the Health Benefits program.

HEALTH BENEFITS
STATE PROGRAM

Doe The employee was formerly covered based on his employment with Belli Borough. Upon termination of employment he immediately secured a position with a local employer also covered by the Health Benefits program. The new employer secured information from the Division of Pensions about the individual's former coverage and added his name to the monthly report to reflect the same coverage the member had established in his former employment.

James The employee must complete a "Request for Change in Blue Cross, Blue Shield Coverage Due to Medicare" application, since he had attained age 65, thereby qualifying him for Medicare coverage. Since the employee would attain age 65 during the month of October and the September 24th report covers premiums due for the month of October, an adjustment was required. The employer revised the value of the employer's premiums from \$7.43 to \$4.79 as well as the value of dependent coverage from \$15.80 to \$14.69. Also, the employer indicated, by adding the digit one in the code columns, that only the employee was over age 65.

Rich The employer deleted Mr. Rich from the monthly report since he had resigned on August 15, 1967 and premiums were not deducted from the employee's wages during the month of September.

Ross The employee died on August 22, 1967 and was deleted from the report by the employer.

HEALTH BENEFITS
STATE PROGRAM

Maiden Name

Stall

Married Name

Jones

The employee had married and completed an enrollment card to establish the change in name as well as her coverage from single employee to family coverage. The employer attached the enrollment card to the monthly report and indicated on the monthly report the change from "employee only" coverage represented by digit one to "family coverage" represented by digit five. Also, the employer indicated in the proper dependent coverage column of the report that the cost of family coverage was \$15.80.

- 116.9 COMPLETION OF SUMMARY REPORT-CERTIFICATION PAGE OF MONTHLY REPORT - The report summarizes the number of covered employees, as well as the amount of premiums applicable to employer and dependent coverage as given on the monthly coverage report. All changes made on the monthly report by the employer would require that the totals on the Summary Report be altered. After the adjustments are made on the monthly report, the grand total of employees covered under the Health Benefits program, as well as the premiums applicable to employer and dependent coverage, would be shown under the "report totals" section of the summary report. The value of the adjusted employer premiums would be indicated in the section denoted "single coverage check, payable to N. J. Employer H. B. Fund," whereas the adjusted value of premiums for dependent coverage would be shown in the item denoted "single coverage check, payable to N. J. Dependents H. B. Fund." The "corrected report totals" section of the summary report would be a duplication of the adjustments made by the employer to the "report totals section" of the summary report. The employer will prepare two checks: one check made payable to the New Jersey Employer Health Benefit Fund and the other to the New Jersey Dependents Health Benefits Fund. The value of each of the checks will be indicated by the employer in the section denoted on the summary report as "single coverage check attached" and "dependent coverage check attached." The summary report will be signed and certified to by the employer's certifying agent, indicating the title of his position, and sent to the Health Benefits Bureau with the monthly report and the checks covering the adjusted value of the premiums due the New Jersey Health Benefits program.

HEALTH BENEFITS
STATE PROGRAM

117. OVERAGES AND SHORTAGES - Overages and shortages in the premium payments given on the monthly report may arise following the Division's audit. If the employer's cash remittance is either more or less than the monthly liability of premiums due for the total of the individual members shown on the monthly report, the employer will be advised of the difference by a statement of overage or by a statement of shortage. On these forms the Division of Pensions will itemize the amounts for each column of the monthly report for the particular member that was in error, as well as the reason for the error.
- 117.1 OVERAGES - About one month after the monthly report has been filed, the Division will notify the local employer of any apparent overpayment for the month. A check, made payable to the employer, will accompany the overage statement in order that the employer may have the funds available to promptly return the amount of any overpayment to the particular employee concerned, if dependent coverage is involved.
- 117.2 SHORTAGES - Approximately one month after the monthly report is due, the employer will be advised of any shortage for the month. The statement of shortage will specify, for each employee involved, the amount of the additional premium due for dependent coverage, as well as any shortage in the employer premium payment. A shortage statement will be sent to the employer in duplicate. The employer will prepare two checks, if necessary, for the value of the employer shortage as well as any shortage that may be due for dependent premiums. The checks will be sent to the Division of Pensions attached to the duplicate copy of the shortage statement. Please do not combine shortages with the next month's report.
- 117.3 ERRORS AND REFUNDS - Refunds will be provided where an error occurs if the error was due to a mistake or inadvertence on the part of the employer. Errors can only be corrected on a prospective basis if the error was that of the employee.

For example, an employee continued family coverage to protect his children although the youngest had attained age 23. His request for a retroactive refund will be rejected; his coverage was, however, altered on a prospective basis to husband and wife coverage.

Please see sections 111.3 - 111.7 regarding the refunds that are payable.

HEALTH BENEFITS
STATE PROGRAM

118. COVERAGE AT RETIREMENT - The right to continue the Health Benefits program at the time of retirement is one of the most important features of the State program. If the employee terminates his position for retirement, he should contact his payroll clerk or personnel officer, prior to leaving the payroll, in order to arrange for the uninterrupted continuation of this group protection.

Retired employees will pay the cost of the insurance for themselves and their covered dependents.

- 118.1 ELIGIBILITY FOR RETIRED COVERAGE - If the retired employee is eligible for a retirement allowance, he will be permitted to continue his health benefits coverage, provided the coverage was in effect immediately preceding the effective date of his retirement. It is important to note that the employee will be allowed to continue coverage under the same type of coverage he held as an active employee, provided the person age 65 or more is enrolled under both Parts A and B of the Federal Medicare program. If he or his spouse is not 65 years of age, he must notify the Division of Pensions 60 days prior to the date he or his spouse will become 65, in order that the Health Benefits Section may adjust his coverage.
- 118.2 RETIRED EMPLOYEE DEFINED - "Retired employee" shall be defined as a covered employee who, immediately following the cessation of employment, applies for and receives a periodic retirement allowance for life or duration of disability to which he is entitled by reason of age, years of service or disability. Such allowance is being paid by a State or locally administered retirement system or plan by which he was covered immediately prior to his retirement. The definition of "retired employee" shall include the spouse of the employee, provided he was covered as a dependent under the Health Benefits program immediately preceding the death of the active or retired employee, and further provided that he was the employee's beneficiary and immediately applies for and receives a life annuity available to him at the employee's death, paid by a State or locally administered retirement system or plan. The definition of "retired employee" shall also include any covered employee, who immediately following the cessation of employment, applies for and receives a Social Security benefit, to which he is entitled by reason of his age and coverage based on his public employment in New Jersey provided, however,

HEALTH BENEFITS
STATE PROGRAM

that such employee did not apply for and receive, in lieu of a periodic retirement allowance, a lump sum payment from any State or locally administered retirement system or plan by which he was covered immediately prior to his cessation of employment.

The definition of "retired employee" shall include an employee who is eligible to receive a Federal pension based upon employment with the Cooperative Extension Service staff of Rutgers University. This coverage is contingent upon the employee applying for and receiving a Federal pension immediately following the cessation of employment and further provided that the pension to which he is entitled is being granted by reason of his age or disability and coverage based on his employment with Rutgers University. The personnel office of Rutgers University shall act as a collection agent for the collection of the premiums required on a direct payment basis from the employees. This payment shall be required from the employee on a quarterly basis in advance of coverage paid with the monthly billing.

The definition of "retired employee" shall not include an employee who on cessation of employment, elects a vested, deferred retirement benefit under which payments begin at a future date.

For purposes of retired coverage, continuity of coverage may be extended until such time as the application for retirement is formally approved by the Board of Trustees of the retirement system paying the benefit. If it is not necessary for a Board of Trustees to approve the application, then the retirement application will be considered approved when the necessary action has been taken by the governing body. The retiring employee or eligible dependent of a retired employee must submit personal payments to the Health Benefits program in order to continue coverage.

- 118.3 MAJOR MEDICAL LIMITS AT RETIREMENT - After retirement, the maximum lifetime benefit under the Major Medical coverage for each individual will be the lesser of the unused balance of the lifetime maximum remaining while in active service and \$10,000, with a minimum benefit of \$1,000. The automatic restoration procedure does not apply after retirement.

HEALTH BENEFITS
STATE PROGRAM

118.4 COMPLETION OF RETIRED STATUS CARD - If the employee is eligible for a retirement allowance, he must complete a Retired Status card furnished by his payroll clerk, personnel officer, or the Division of Pensions. The card must be completed and signed by the payroll clerk as well as the employee. The employee must identify himself and indicate the type of health benefits coverage he will continue into retirement on the front side of the Retired Status card. On the reverse side of the card, the employee is required to identify all of his dependents and to indicate any changes or terminations of coverage. The name of the retirement system from which he is retiring must be noted on the Retired Status card. If the employee is not interested in continuing health benefits coverage into retirement, he should check the block on the card indicating that he does not wish to continue such coverage.

The payroll clerk must certify to the information requested on the front side of the card.

HEALTH BENEFITS STATE PROGRAM

118.5 RETIRED STATUS CARD

Front Side

I apply for the coverage checked: Mark (X) in one box		BASIC COVERAGE ONLY	BASIC AND MAJOR MEDICAL COVERAGE	NEW JERSEY PUBLIC AND SCHOOL EMPLOYEES HEALTH BENEFITS ACT RETIRED STATUS CARD			
Employee Only		<input checked="" type="checkbox"/>	<input type="checkbox"/>	(Both sides of this card must be completed - Please Print)			
Husband and Wife (^{NO} MATERNITY)		<input type="checkbox"/>	<input type="checkbox"/>	ENTER BLUE CROSS-BLUE SHIELD INFORMATION BELOW:		BIRTH DATE (Use Numbers)	
Family (WITH MATERNITY)		<input type="checkbox"/>	<input type="checkbox"/>	GROUP NUMBER	IDENTIFICATION NUMBER	Month	Day
Employee and Child		<input type="checkbox"/>	<input type="checkbox"/>				
I do not wish to continue under the N.J. Public & School Employees' Health Benefits Act		<input type="checkbox"/>	<input type="checkbox"/>	EFFECTIVE DATE OF RETIREMENT		SEX TYPE MARK (X) <input type="checkbox"/> M <input type="checkbox"/> F	
PAYROLL CLERK -- COMPLETE THIS SECTION				PRINT NAME			
NAME OF PRESENT EMPLOYER		COUNTY		LAST NAME FIRST NAME MIDDLE INITIAL			
REPORT NO.		FOR DIVISION USE ONLY		AND			
				STREET			
				MAILING ADDRESS			
				CITY AND STATE COUNTY			
RETIREMENT <input type="checkbox"/>		RET. P/R EFF.		NAME OF EMPLOYER			
				DATE EMPLOYMENT WILL TERMINATE			
				<i>I HEREBY AUTHORIZE the deduction from my pension of the amount the State Health Benefits Commission may approve, as payable under any contract for coverage herein authorized.</i>			
<i>I CERTIFY this employee is entitled to enroll for the above coverage and is currently covered under the program.</i>				EMPLOYEE'S SIGNATURE			
SIGNATURE		DATE		DATE			
				IBM F61635-0 (BOTH SIDES OF THIS CARD MUST BE COMPLETED) 1334 (2-65)			

Reverse Side

IF YOU ARE APPLYING FOR A CHANGE, CHECK REASON AND COMPLETE BELOW:				LIST FIRST NAME AND BIRTH DATE OF EACH COVERED DEPENDENT.				BIRTH DATE				SPOUSE	CHILD	STEP-CHILD	ADOPTED-FOSTER CHILD			
DATE OF MARRIAGE		MAIDEN NAME OF WIFE		MARK (X) BOX FOR RELATIONSHIP				MONTH	DAY	YEAR								
<input type="checkbox"/> Enroll Dependents																		
<input type="checkbox"/> Enroll Spouse																		
IF YOU ARE NOW TERMINATING ENROLLMENT OF WIFE(HUSBAND) OR DEPENDENTS, CHECK REASON AND COMPLETE BELOW:																		
<input type="checkbox"/> DIVORCE		<input type="checkbox"/> SEPARATION		<input type="checkbox"/> CHILD ATTAINING AGE 19		DATE OCCURRED												
<input type="checkbox"/> DEATH		<input type="checkbox"/> MILITARY SERVICE		<input type="checkbox"/> OTHER		Mo. Day Yr.												
RELATIONSHIP OF PERSON(S) TERMINATED																		
NAME OF RETIREMENT SYSTEM FROM WHICH I WILL RECEIVE MY PENSION																		
				MARITAL STATUS				SINGLE <input type="checkbox"/>	MARRIED <input type="checkbox"/>	WIDOW OR WIDOWER <input type="checkbox"/>	DIVORCED <input type="checkbox"/>	SEPARATED <input type="checkbox"/>						
				IF YOUR SPOUSE IS LISTED AS A DEPENDENT AND IS EMPLOYED BY THE STATE OF NEW JERSEY OR ANY PUBLIC EMPLOYER IN NEW JERSEY, FILL IN SECTION BELOW:														
				SPOUSE'S EMPLOYER														
				SPOUSE'S PAYROLL NUMBER (State Employees Only)														
				EMPLOYEE NO.														

IBM F61635-0

HEALTH BENEFITS
STATE PROGRAM

- 118.6 COMMUNITY-RATED GROUP REMITTANCE PLAN - Retired employees who were covered under the State plan before retirement cannot be enrolled in the community-rated plan administered by the Division of Pensions. They can have retired coverage with the State plan or a direct payment conversion with the Blue Plans. Please see section 37.8 for a discussion pertaining to the community-rated group remittance plan administered by the Division of Pensions for certain retired employees and their dependents or survivors.
- 118.7 STATE-ADMINISTERED RETIREMENT SYSTEMS - For all employees who retire from a State-administered pension fund, a three-month advance premium will be required to continue their former active coverage into retirement. A letter and a Retired Status card will be sent to the employee by the Division of Pensions which stipulates that the employee will have to complete the Retired Status card and remit the value of the three-month premiums to the Division. The value of the premium is indicated in the letter and a check covering the premiums should be made payable to the "State of New Jersey, Health Benefits Fund." The premium remittance and Retired Status card must be returned to the Division of Pensions within 15 days of the date of the letter. Future premium deductions will be taken from the retirant's retirement allowance at the end of the three-month period covered by the personal payment.
- 118.8 LOCAL-ADMINISTERED RETIREMENT SYSTEMS - Employees who are eligible to retire from locally-administered retirement systems, or who are not covered by any retirement program immediately following the cessation of their employment, may apply for and receive a Social Security benefit based on their public employment in New Jersey. They are entitled to continue their coverage in the State Health Benefits program. The value of the monthly premium will be sent to the Division of Pensions with the monthly report of coverage for retired persons.

HEALTH BENEFITS
STATE PROGRAM

The monthly report for such retired employees is similar to the report the employer is required to complete for active employees. However, no employer contribution for the payment of any premium can be made on behalf of such retired persons. If the retired employee was a member of a locally-administered pension fund, his premium charge and that of his dependents may be deducted from any pension that is payable to him by the local fund. If he is not entitled to such a pension, having retired only on a Social Security benefit or if the pension is inadequate to meet the cost of the premium charges, the employer will have to collect the premiums in advance in order to pay such premium when the monthly report must be filed with the State Health Benefits program.

HEALTH BENEFITS
GENERAL STATUTE

119. OTHER GROUP PLANS FOR HEALTH BENEFIT COVERAGE -
In addition to the State Health Benefits program described in section 110 of the manual, public employers as well as groups of public employees in the State have been permitted to contract for group health insurance coverage for many years, using the general legislation originally enacted as Chapter 70 of the Laws of 1924. This legislation was importantly amended by Chapter 80 of the Laws of 1960 and subsequently by Chapter 204 of the Laws of 1967, as described below. This information is included in this manual because (1) a copy of any contract executed pursuant to such general legislation must be filed with the State Health Benefits Commission, an agency of the Division of Pensions, and (2) the State Health Benefits Commission is required to file a report to the Governor and the Legislature as to such contracts in order to make recommendations it deems appropriate in order to achieve uniformity of coverage and benefits for employees throughout the State.

119.1 CHAPTER 180 OF THE LAWS OF 1960 - This legislation gave formal recognition to the contracts which had been negotiated pursuant to the original 1924 statute involving group life, accidental death and dismemberment, health, hospitalization, medical, surgical, or accident insurance coverage. The original legislation had authorized the governing body of the county or municipality to pay, as additional compensation, a part of the premium of such group policy or policies. Initially, the legislation established a 25% limitation as to the portion of the premium which could be paid by the public employer.

The 1960 amendment gave greater definition as to those who could be covered, specifying dependents as spouses and dependent children under 19 years of age. The amendment sanctioned employer payment of a part or all of the premium for the employees and their dependents. However, the statute held that no governing body would be compelled to pay any portion of the premium for such group coverage.

HEALTH BENEFITS
GENERAL STATUTE

119.2 CHAPTER 259 OF THE LAWS OF 1964 - The establishment of the State Health Benefits program for State employees in 1961 was followed in 1964 by an expansion of that program to include employees of the State's political subdivisions. The legislation also provided for a continuation of coverage to retired employees for the first time, but required the pensioner to pay at least what he and his employer would have paid for himself and his dependents had he remained in active employment.

At the same time, an important legal decision in Riddlesdorfer vs. Rahway had found that the general statute had been violated by the inclusion of retired lives as well as elected and appointed officials under group contracts. Chapter 259 of the Laws of 1964 confirmed all previous contracts extending coverage to elected officials and to retired lives and like the statute pertaining to the State-wide system, prescribed that such contracts would require the retired employee to pay an amount not less than the amount which should have been required of him and his employer for the coverage had he continued in employment.

Chapter 259 of the Laws of 1964 also prescribed that a copy of every contract pertaining to the several insurances permitted under the general legislation be filed with the State Health Benefits Commission and that the Commission prepare and file a report with the Governor and the Legislature as to such contracts. The Commission was empowered to make recommendations concerning such contracts as it might believe appropriate in order to achieve uniformity of coverage for public employees throughout the State.

119.3 THE 1964 SURVEY - In 1964 and again in 1966 surveys were conducted by the Division of Pensions gathering data concerning health benefit coverage available to public employees in all of the political subdivisions of the State. It was primarily the findings of the initial survey of 1964 which prompted the legislation requiring the report by the Commission. In summary, the 1964 survey demonstrated that a majority of the public employers in the State paid the entire cost or some portion of the cost for a health insurance plan for their employees. Almost all of the entities offered some sort of program, but a smaller number provided major medical coverage to complement a basic plan of hospitalization and medical, surgical benefits.

HEALTH BENEFITS
GENERAL STATUTE

The 1964 survey demonstrated that there were several problem areas: (a) the need for a State-wide plan, (b) some discrimination among employees, and (c) some duplication of coverage.

- 119.4 MEDICARE - The advent of the Federal Medicare program created an additional problem for employers contracting for group health insurance for their employees. It was generally established that all carriers would not duplicate the benefits of the Federal plan and as such complementary programs had to be developed to delineate the benefits which would be provided in addition to those offered by Medicare. A completely different rate structure had to be established for active as well as retired employees 65 or more and their dependents eligible for Federal benefits. The act governing the State Health Benefits program was accordingly amended to prevent any duplication of benefits and that legislation likewise provided for a reimbursement to the active employee for the monthly charge required of those electing Part B of Federal Medicare. However, unless the individual was covered by both Parts A and B of the Federal program, the individual could not continue as a member of the State Health Benefits plan.
- 119.5 THE 1966 SURVEY AND REPORT OF THE STATE HEALTH BENEFITS COMMISSION - The 1966 survey conducted by the Division of Pensions was designed to update the information which had been obtained as a result of the 1964 survey and to determine the scope of the specific problem areas which had been revealed by the 1964 data. Since the survey determined that the problem areas had not been materially resolved, the Commission, in its first report in 1966, recommended legislation which would (a) eliminate discrimination in coverage, (b) define and clarify the coverage of dependents, (c) acknowledge the Federal Medicare program in order to clarify the status of those eligible for coverage under the Federal plan, (d) prevent selection at retirement, by the inclusion of one or more retired lives subsequent to the adoption of the contract, (e) restrict coverage to avoid duplication of benefits and costs, (f) provide for employer reimbursement to active employees 65 or more required to pay under Part B of Federal Medicare, comparable to a provision of the State Health Benefits program, (g) secure full publicity of costs, particularly in those cases where a single policy or contract was designed to include many coverages in an effort to minimize costs, and (h) afford sufficient time to provide for conformity of prior contracts in terms of the proposed amendments to the general legislation.

HEALTH BENEFITS
GENERAL STATUTE

119.6 CHAPTER 204 OF THE LAWS OF 1967 - This legislation, effective September 20, 1967, eliminated the possibility of any discrimination in coverage by providing that the contracts cover all employees and could include all dependents of such employees. The dependents were specified as the employee's spouse or unmarried children, including stepchildren and legally adopted children, and at the option of the employer and the carrier, foster children as well - all such children under the age of 19 who live with the employee in a regular parent-child relationship. At the option of the employer and the carrier, the contract may also include unmarried children of the employee under the age of 23 who are dependent upon the employee for support and maintenance.

Elected officials are to be considered employees but coverage would not be extended to those employed on a short term, seasonal, intermittent or emergency basis or to persons compensated on a fee basis or persons whose compensation is limited to reimbursement of expenses incurred in the discharge of their duties. Employees and dependents are not to include active or retired persons who are not covered under the complete Federal Medicare program.

Retired employees and their dependents may continue to be covered if they were covered by a group contract or group remittance plan as of the effective date of the act or immediately prior to the employee's retirement. The contract shall contain limitations, exclusions or exceptions in order to avoid duplication of benefits under programs otherwise available under any other law of the State or under the laws of the United States, such as the Federal Medicare program, and at the option of the employer and the carrier, under any other arrangement of coverage for individuals in a group whether the coverage is on an insured or uninsured basis.

Employers are authorized to pay part or all of the premiums or charges for such contracts and the contribution required of any employee may be deducted from compensation of the employee upon proper, written authorization from such employee.

HEALTH BENEFITS GENERAL STATUTE

The continuance of coverage after retirement is permitted as long as the retired employee pays for the entire cost of coverage for himself and his dependents provided, however, that the total rate payable by the retired employee for himself and his dependents, for coverage under the contract and for Part B of Medicare, shall not exceed by more than 25% the total amount that would have been required to have been paid by the employee and his employer had he continued in office or active employment and as if he and his dependents were not eligible for Medicare benefits.

In the event an insurance company issues a group insurance policy to an employer which includes two or more of the coverages authorized under the general statute, the company shall at the end of each policy year furnish to the employer a summary of the cost of each such coverage.

The employer may reimburse the active employee for his premium charges under Part B of the Federal Medicare program, covering the employee alone. However, there is nothing in the general statute as compelling an employer to pay any portion of the premium or charges attributable to such contracts.

Finally, any contracts in effect on the date of the enactment of this legislation is confirmed until the contract anniversary next following the first anniversary of the effective date of the legislation when such contracts, exclusive of the group life insurance, will have to conform to the provisions of the legislation.

- 119.7 EMPLOYER OBLIGATIONS - Under the general statute, the executive officer of any employer who enters into a contract pursuant to the provisions of the statute is required to file a copy with the State Health Benefits Commission.
- 119.8 STATE HEALTH BENEFITS COMMISSION OBLIGATIONS - The Commission will prepare and file periodically and not less than every two years, a report to the Governor and the Legislature as to the contracts being entered into by employers under the provisions of the general statute. Such reports shall contain such recommendations concerning contracts as the Commission deems appropriate to achieve uniformity of coverage and benefits for employees throughout the State.

HEALTH BENEFITS
GENERAL STATUTE

119.9 STATUTE AND REPORTS - Provisions of the general statute can be found in N.J.S.A. 40:11-15.1 et seq. Copies of the reports of the State Health Benefits Commission may be obtained from the Division of Pensions in Trenton.

SECRETARIAL SERVICES

120. OFFICE OF SECRETARIAL SERVICES - Prior to 1966 the position of Secretary to the Board of Trustees of the Teachers' Fund or the Public Employees' Retirement System may or may not have been covered by Civil Service and the incumbent was subject to annual reappointment by the respective Board. Since the enactment of amendatory legislation in 1966, the chief and assistant chief of the Office of Secretarial Services of the Division of Pensions serve as Secretary and/or Assistant Secretary of the Boards of Trustees of the Teachers' Fund and the Public Employees' Retirement System, and are subject to the merit system as is every other employee in the Division. Similar legislation established identical relationships for the Secretaries of the other pension Boards or Commissions.

For a description of the work performed by this integral unit of the Division, we have divided the following discussion between administrative responsibilities other than investment, and specifically, the investment procedure which is uniquely the problem of the Board and its Secretary.

- 120.1 ADMINISTRATIVE RESPONSIBILITIES OF THE OFFICE OF SECRETARIAL SERVICES - The administrative responsibilities of the Office of Secretarial Services involves primarily the preparation of agendas for Board action and the maintenance of the minutes pertaining to such meetings as such properly reflect the decisions made by the Board and, accordingly, the notices which the Secretary will direct to the parties involved in these determinations.

In the performance of such administrative duties the Secretary conducts all correspondence for the respective Board. As such work normally is restricted to the unusual case or matters upon which previous decisions have not been rendered or regulations promulgated, the Secretary is often required to conduct informal meetings with the respective parties concerning the membership, benefit and contribution provisions of the retirement system; this is essentially a fact-gathering effort in order to adequately present the matter as part of the Board's agenda.

SECRETARIAL SERVICES

120.2 BOARD AGENDAS - The Secretary of the respective system or his assistant compiles all material to be considered at the regular monthly meeting of the Board, once he has arranged for such a meeting to be held at the space set aside for Board or Commission meetings at the Division of Pensions. Each Board normally meets on a specific day every month, other than one month during the summer vacation period. The material the Secretary will present for the Board's consideration is normally directed to him on the basis of the work performed by the respective administrative sections. For example, a list of all retirements for age and service, indicating amounts and effective dates are reported to him by the Retirement Bureau. All disability applications which have been processed by the Disability Review Section by the time that the Board meeting is to be held are forwarded to him by that Section. All questions raised by the Enrollment and Claims Bureau on matters of precedent or policy are presented by that Bureau, or by any other Bureau within its respective realm of responsibility.

Similarly, the financial statements and any other statistical data which are reflected in the agenda are supplied by the Bookkeeping Section and other units of the Office of the Chief Accountant.

Since the agendas are often quite lengthy, the Secretary or his assistant will forward portions of the material as pre-agenda long before the Board meeting in order to give the members an opportunity to review the material which will be discussed at the forthcoming meeting. Such pre-agenda is normally forwarded to each trustee member at least one week prior to the meeting date.

While the continuity of Board membership may be broken by the election of new trustees, the Secretary's role in the work of the Board provides for such continuity. The Secretary keeps the Board informed of past decisions in parallel or similar circumstances involving cases under current consideration.

120.3 MINUTES - On the basis of the determinations made by the Board at the meeting, the Secretary will prepare the minutes of the meeting, reflecting in such minutes all the necessary agenda material which served as the information upon which the determinations were made. The Secretary is called upon to summarize the discussion so that intelligent use can be made of the minutes at a subsequent time. A complete and accurate record of all such Board proceedings are to be maintained by the Secretary or his assistant in his office and is available to all parties who are involved.

SECRETARIAL SERVICES

- 120.4 NOTICES OF BOARD DETERMINATIONS - As the Secretary prepares the minutes of the Board meeting, he promptly notifies the respective parties of the determinations rendered by the trustees in their particular case. He likewise informs the Director of the Division, as well as all other supervisors, of any relevant actions taken by the trustees which would affect the administration of the respective system.
- 120.5 RULES AND REGULATIONS - The Secretary maintains a current compilation of the rules and regulations of the Board of Trustees and can furnish a copy of same to any interested party. He reviews the compilation annually so that each successive Board will periodically adopt a revised compilation, reflecting any changes which may have occurred during the course of the year as a result of changes in the statutes, court cases, opinions of the Attorney General and administrative changes recommended by the Division of Pensions and adopted by the Board.
- 120.6 HEARINGS - All Board decisions are subject to administrative and judicial review. The administrative hearing procedure involves a timely appeal from the decision by the applicant and the approval of a hearing by the Board. Once the Board has approved the holding of a hearing, the Secretary will provide the Hearing Officer of the Division of Pensions with a complete and accurate record of any case referred to him for hearing. The Secretary or his assistant may serve as a source of information at the hearing or as a witness in any legal action which might follow if the appellant pursues the matter in the Courts.
- 120.7 COMPULSORY RETIREMENT - Most of the retirement statutes prescribe that the Board will retire a member upon his attainment of the mandatory retirement age as specified in the law. The Secretary obtains the necessary retirement information from the Retirement Bureau long in advance of the mandatory retirement date and advises all members approaching such retirement age as well as their respective employers of the statutory obligation. In those cases where the employer can act to continue the services of an employee for a stipulated period beyond such mandatory retirement age, the Secretary advises the employer of this possibility, indicating the rules prescribed by the Board for the receipt of timely advice from the employer as to the continuance of any member.

SECRETARIAL SERVICES

- 120.8 DISABILITY RETIRANTS - The Disability Review Section provides for the annual reexamination of disability retirants, and all the information pertaining to a retirant who is no longer found to be disabled is forwarded to the Secretary for presentation to the Board for its consideration. Likewise, the reports of the Rehabilitation Commission is similarly forwarded to the Secretary.

The Secretary provides for the annual review of earnings reported by disability retirants and, following Board action, causes the necessary adjustments in their retirement allowances where earnings exceed the statutory limitations.

- 120.9 TRUSTEE ELECTIONS - The Secretary will advise the Chief of Administrative Services of elections to be conducted for trustee positions on the Board and reports the results of such elections, whether such be at an annual meeting of delegate representatives of the membership or by means of any mail ballot election.
- 121.1 INVESTMENT AND OTHER FINANCIAL RESPONSIBILITIES OF THE OFFICE OF SECRETARIAL SERVICES - A most significant part of the day-to-day responsibilities of the Office of Secretarial Services involves cash control, investment transactions and voucher approvals pertaining to the monies of the respective retirement systems. Such activities are reflected in the monthly agendas of the Board and the Board is also called upon to play a very important role in such financial activities.
- 121.2 CASH CONTROL - The Secretary prepares annual, monthly and other periodic forecasts of receipts and disbursements. He maintains daily control of the cash bank balances and informs the Director of the Division of Investment of all cash available for investment for either short term or long term periods depending on current and future needs. Such cash control matters are reflected in the Board agenda in the form of a summary of the daily reports, the short term investments, the cash released for investment, the 30-day cash release report, the current cash position as well as the annual or periodic forecasts of cash receipts and disbursements.

As in all systems, the daily bank balance is furnished with a statement of cash available for investment. Such statement is prepared by the Secretary on the basis of information supplied to him by the Bookkeeping Section and other units of the Office of the Chief Accountant and by anticipating receipts (such as employee and employer contributions, interest payments and maturities) and disbursements (such as the pension payroll, withdrawals, death claims and loans) and the maintenance of a reasonable working balance necessary to meet the current needs of the respective system.

SECRETARIAL SERVICES

- 121.3 INVESTMENT TRANSACTIONS - The Secretary promptly refers all investment recommendations received from the Director of the Division of Investment to the Finance Committees of the respective Boards for timely approval or rejection. In most instances the recommendations require immediate response, in which event the members of the Finance Committee are contacted by telephone for their reaction and written confirmation is later obtained to affirm the record of such transactions.

The Finance Committee of the Board may take immediate action on all investment recommendations proposed by the Director of the Division of Investment as such come within the established policies approved by the respective Board. Again, a record of the Committee's transactions is presented as part of the agenda at each Board meeting for formal confirmation by the entire Board. Action on an investment recommendation that may not come within the established policies of the respective Board may be delayed until such time as the Board meets in order to formally approve or reject the recommendation. Such occasions are extremely infrequent.

Bills itemizing the investment purchase are forwarded to the Secretary who causes a check and the covering voucher to be prepared and forwarded to the Cash Control Section of the State Treasury Department. This section will deliver the check to the State Division of Investment, which arranges for the delivery of the security to the custodial bank. The bank then advises the Secretary that the security has been received and that the system's account has been credited.

- 121.4 VOUCHER APPROVALS - The Secretary or his assistant is empowered by the respective Board to approve all vouchers covering the expenditure of monies and the payment of withdrawal, loan, death and retirement benefits and the purchase of investments. Such expenditures are reflected in the statement of receipts and disbursements included in the monthly agenda.

SECRETARIAL SERVICES

121.5 ANNUAL REPORTS - The Secretary secures the necessary financial and statistical information from the Office of the Chief Accountant and through the Office of the Chief of Administrative Services provides for the preparation and duplication of the Annual Report of the Board. Such annual report contains the Secretary's summary of the major legislative changes affecting the retirement system and any other vital information, such as pertinent opinions of the Attorney General or decisions of the Courts. It likewise contains a statement of the latest actuarial valuation and the actuary's summary of his findings. The Secretary may also include a comparative statement showing the growth of the system with respect to membership, retirements, assets and liabilities.

EMPLOYER OBLIGATIONS

122. EMPLOYER OBLIGATIONS - The State and local governmental employers have distinct obligations under terms of several statutes pertaining to the respective employee benefit programs. Such obligations are indicated below as they apply to the several systems, distinguishing between the obligation payable by the State as well as those payable by local employers.

It will be noted that all of the retirement systems provide for the accrual of interest charges where employer payments are delinquent and some likewise provide for the payment of penalties by the employer who does not remit the employees' contributions in a timely manner. Such interest charges for delinquent employer contributions are prescribed in order to do equity to those employers who do pay timely and likewise to obtain the funds which the actuary assumed would be available by the due date in his projection of pension costs payable by all employers as given in his valuation. In the same manner, interest penalties are imposed upon employers who do not remit the contributions deducted from the compensation of participating employees since, this, too, constitutes a loss of income to the system which was not contemplated by the actuary in his valuation and likewise serves to do equity to those employers who do remit in a timely fashion. All employers should appreciate that the timely transmittal of contributions and reports are vital to the operation of the respective retirement system because any delinquent report serves to prevent the system from performing its work in processing claims. The result is only to impose additional workloads upon those employers whose reports are delinquent since they will be required to prepare lengthy and additional individual certifications if the system is to process claims made by their employees.

EMPLOYER OBLIGATIONS

- 122.1 STATE'S OBLIGATION, PUBLIC EMPLOYEES' RETIREMENT SYSTEM - The State pays annually a normal contribution to the retirement system. This contribution is determined each year on the basis of the annual valuation by the actuary as the percentage of future compensation of members, which will support the pension and death benefits payable by the system, which are not met by future accrued liability contributions and the funds in hand available for such benefits. An additional employer contribution is payable on account of veteran members because of the special benefits payable to them.

The monies appropriated for payment of the premium for the non-contributory group life insurance coverage are held separate from the retirement system monies, and the amount required to pay the annual premium estimated by the carrier is deducted from the normal contribution certified for payment to the retirement system and paid to the group insurance premium fund, which is administered by the State Treasurer.

The State has completed the liquidation of the accrued liability on account of prior service credit for its employees. The State is making special accrued liability payments to cover the additional liability on account of special benefits for veteran employees for service rendered prior to January 2, 1955. Such payments are to be made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1956.

The State is also making special accrued liability payments to cover the additional liabilities incurred with respect to veteran members. These contributions are adjusted each year on the basis of the annual valuation to take account of the additional liabilities incurred during the valuation year. Such payments are to be made for the period remaining for the payment of the special accrued liability payments for veteran employees.

Finally, the State is making special accrued liability payments to cover the additional liability incurred for retired members on account of the elimination of the Social Security offset, and such payments are made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1967.

EMPLOYER OBLIGATIONS

- 122.2 LOCAL EMPLOYER OBLIGATIONS, PUBLIC EMPLOYEES' RETIREMENT SYSTEM - Local employers pay annually a normal contribution to the retirement system. This contribution is determined each year on the basis of the annual valuation by the actuary as the percentage of future compensation of members, which will support the pension and death benefits payable by the system, which are not met by future accrued liability contributions and the funds in hand available for such benefits. An additional normal contribution is payable on account of veteran members because of the special benefits payable to them.

The monies appropriated for payment of the premiums for the non-contributory group life insurance coverage are held separate from the retirement system monies and the amount required to pay the annual premium estimated by the carrier is deducted from the normal contribution certified for payment to the retirement system and paid to the group insurance premium fund, which is administered by the State Treasurer.

Some local employers have completed the liquidation of the accrued liability on account of prior service credit for their employees. Accrued liability payments are now being made by most other participating counties, municipalities and public agencies to liquidate the accrued liability on account of prior service credit of their employees. The period of liquidation if begun before January 2, 1955, is 25 years; otherwise, 30 years, unless the locality has veteran members, when the period is set to be coterminous with the period established for veteran members.

Local employers are making special accrued liability payments to cover the additional liability on account of special benefits for veteran employees for service rendered prior to January 2, 1955. Such payments are to be made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1956. Local employers are making special accrued liability payments to cover the additional liabilities incurred with respect to veteran members. These contributions are adjusted each year on the basis of the annual valuation to take account of additional liabilities incurred under the act during the valuation year. Such payments are to be made for the period remaining for the payment of the special liability payments for veteran employees.

EMPLOYER OBLIGATIONS

Finally, local employers are making special accrued liability payments to cover the additional liability incurred for retired members on account of the elimination of the Social Security offset, and such payments are to be made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1967.

Pursuant to the terms of Chapter 169, P. L. 1956, a number of public employers have terminated locally-administered pension funds following a successful referendum on the question of Social Security coverage and transferred the assets and liabilities of the former fund to the State system. The members receive credit in the State system for the credit established in the terminated fund and accordingly the liability for the credit established on behalf of transferring members or for pensions payable to transferring retirants and their beneficiaries is calculated and certified as an additional liability to be paid by such specific employers.

- 122.3 ADMINISTRATIVE FEES, PUBLIC EMPLOYEES' RETIREMENT SYSTEM - In each fiscal year the Chief of Administrative Services of the Division of Pensions prepares a detailed statement for direct and indirect administrative expenses incurred by the Division and which are attributable to the various systems, allocating such charges between those prescribed for State employees as distinguished from those attributable to members employed by local employers. As a State agency the State establishes the administrative appropriation for the Division of Pensions in the same manner as it does for any other State operation and, in turn, the payment of the pro rata administrative expenses by local employers constitutes revenue to the State as a reimbursement for such expense.

The administrative fee applicable to local employers in the Public Employees' Retirement System is based on the percentage of membership that local employer members bear to the total membership and this is thus reflected based on the number of active members enrolled from each locality.

EMPLOYER OBLIGATIONS

- 122.4 ACTUARIAL FEES, PUBLIC EMPLOYEES' RETIREMENT SYSTEM - Included in the pro rata payment of administrative expense is the normal charge for actuarial services performed by the designated actuary of the retirement system. However, when the accrued liability for prior service is computed for the first time, or if the accrued liability for veteran prior service credit has to be recalculated on the basis of additional charges to be paid by the locality or if a special valuation of the locality's liabilities is prescribed, a special charge of actuarial expense is reflected on the bill submitted by the retirement system to the local employer. This will vary in terms of the amount of actuarial work that was required for the special valuation.

122.5 INVOICE FORM, PUBLIC EMPLOYEES' RETIREMENT SYSTEM

INVOICE



STATE OF NEW JERSEY
 DIVISION OF PENSIONS
 P.O. BOX #2058 - TRENTON, N.J. 08625

FORM APPROVED BY
 DIVISION OF
 LOCAL GOVERNMENT

PAYMENT RECORD

Voucher No. _____

Warrant No. _____

Date _____

LOCATION NO.

Non Veteran Membership Service
 Non Veteran Prior Service
 Veteran Membership Service
 Veteran Prior Service
 Chapter 67, P.L. 1966
 Non Contributory Insurance Premium
 Administrative Expense
 Actuarial Fees
 Total

CLAIMANT'S CERTIFICATION AND DECLARATION

I do solemnly declare and certify under the penalties of the law that the within bill is correct in all its particulars; that the services have been rendered as stated therein; that no bonus has been given or received by any person or persons with the knowledge of this claimant in connection with the above claim; that the amount therein stated is justly due and owing; and that the amount is a reasonable one.

SIGN HERE Christopher F. Carson

OFFICIAL POSITION Secretary

DATE _____

ACCOUNT OR APPROPRIATION CHARGED

Bill Received and Checked.

 (Date) (Signature)

OFFICER'S OR EMPLOYEE'S CERTIFICATION

Having knowledge of the facts in the course of regular procedures, I certify that the services have been rendered; said certification is based on knowledge of a municipal official or employee or other reasonable procedures.

 (Signature) (Title or Position)

APPROVED FOR PAYMENT

_____ (Name & Title)	_____ (Date)
_____ (Name & Title)	_____ (Date)
_____ (Name & Title)	_____ (Date)
_____ (Name & Title)	_____ (Date)

EMPLOYER OBLIGATIONS

122.51 INVOICE FORM, PUBLIC EMPLOYEES' RETIREMENT SYSTEM, EXPLANATION - The invoices are prepared upon the receipt of the actuary's valuation and are to be forwarded to the local employer prior to the preparation of the county, municipal or public agency budget. The bills are normally mailed in December for payment July 1. Any delay in payment of the full bill beyond July 30 of the following year will result in the accrual of an interest charge at the rate of 4% per annum.

Normally, once any of the accrued liability items have been established they are not likely to change from year to year unless a special valuation is prescribed because of the award of additional prior service credit to veterans or non-veteran members or due to a change in the statute. The normal contribution for veterans and non-veterans will likely change from year to year as salaries change but the increase should not be substantial unless salaries have been materially altered from the previous year or unless legislation has been enacted which provides for an increase in the normal costs paid by all employers.

The invoice calls for eight items which could be indicated on any particular bill:

- a. Non-veteran Membership Service--This constitutes the normal contribution on behalf of non-veterans.
- b. Non-veteran Prior Service--This represents the accrued liability payment for non-veteran prior service credit.
- c. Veteran Membership Service--This constitutes the normal contribution on behalf of veteran members.
- d. Veteran Prior Service--This involves the accrued liability payment for veteran prior service credit.
- e. Chapter 67, P.L. 1966--This designates the act which separated the Public Employees' Retirement System from Social Security and which constitutes an accrued liability payment for a period of 30 years commencing July 1, 1967.

EMPLOYER OBLIGATIONS

- f. Non-contributory Insurance Premium--This constitutes the payment due from the locality for non-contributory group life insurance coverage.
- g. Administrative Expense--This represents the pro rata administrative fee payable by the locality.
- h. Actuarial Fees--This is not normally reflected on most bills but if a special valuation is in order for veteran or non-veteran members of the retirement system employed by the locality, such special expense attributable to the particular locality will be reflected in this part of the bill.

If the certifying agent, receiving the invoice, notices any particular change from the previous bill, and desires an explanation of the change, he should contact the Supervisor of the Bookkeeping Section of the Division of Pensions and request an appointment to review the detailed valuation received from the actuary as it applies to that locality. In most cases a general explanation is sufficient since it usually involves a change due to an amendment to the statute involving a liberalization of benefits and such general explanation is normally forwarded in a statement from the supervisor transmitting the invoices to all participating employers.

- 122.6 STATE'S OBLIGATION, TEACHERS' PENSION AND ANNUITY FUND - The State pays annually a normal contribution determined each year on the basis of the annual valuation by the actuary as the percentage of compensation of the members, exclusive of the compensation of veteran members employed on January 1, 1955, which will support the pensions and death benefits payable by the system, which are not met by future accrued liability contributions and the funds in hand available for such benefits.

The monies appropriated for the payment of the premiums for the non-contributory group life insurance coverage are held separate from the retirement system monies, and the amount required to pay the annual premium estimated by the carrier is deducted from the normal contribution certified for payment to the retirement system and paid to the group insurance premium fund, which is administered by the State Treasurer.

EMPLOYER OBLIGATIONS

The State has completed the liquidation of the accrued liability on account of the prior service credit of present entrant members. The State is making special accrued liability payments to cover the additional liability on account of the establishment of Class "B" credit for non-veteran members which has not already been covered by other State contributions. Such payments are to be made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1957.

Finally, the State is making special accrued liability payments to cover the additional liability incurred for retired members and present entrant active members on account of the elimination of the Social Security offset, and such payments are made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1967.

- 122.7 LOCAL EMPLOYER OBLIGATIONS, TEACHERS' PENSION AND ANNUITY FUND - Each employer of a veteran member employed on January 1, 1955 pays a contribution to cover the total liability determined as of such date for such members on account of past service and all prospective service not then covered by State contributions and by the past and prospective contributions to be made by the members. Such payments are made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1957. In accordance with the legislation eliminating the Social Security offset, these payments were proportionately adjusted, effective July 1, 1967, to cover the additional liability incurred on account of the elimination of the offset for such teachers.

Under the statute an employer is obligated to notify the Teachers' Fund within 10 days of the employment of a person eligible for membership in the Fund. If an employer does not file an enrollment application for an eligible employee within one year of the employee's compulsory enrollment date, the employer will be responsible for payment to the Teachers' Fund of the employer liability, together with interest at 6% per annum, which the State would have paid to the Fund had the employee been promptly enrolled.

EMPLOYER OBLIGATIONS

Employers are also required to remit employee pension contributions monthly to the Teachers' Fund. Remittances are due by the 15th of the month covering the payroll deductions for the preceding month. An interest charge of 6% per annum will be levied against any employer which does not promptly remit employee pension contributions by the due date or within 30 days thereafter.

The State is obligated to pay the administrative expenses attributable to the operation of the Teachers' Pension and Annuity Fund but the statute requires each employing school district to reimburse the State for a proportionate share of the amount paid by the State for such expense. This proportion is computed as the number of members in each district bears to the total number of members in the system. The pro rata share of the cost of the administrative expense is included in the amounts to be deducted from State Aid payable to such employing school districts and this likewise is the means for the payment of all local employer obligations to the Fund.

- 122.71 ADDITIONAL LOCAL EMPLOYER OBLIGATIONS, TEACHERS' PENSION AND ANNUITY FUND - State agencies and many school districts are participating in programs financed under the provisions of the Federal Elementary and Secondary Education Act of 1965, or as it may be amended and supplemented. On or before September 1 of each year, the Director of Pensions certifies to the Commissioner of Education the percentage of salaries to be appropriated by such agencies and districts, based on the most recent actuarial valuations and the current Social Security tax rate. These monies are to cover the cost of pension, group life insurance, Social Security and other benefits provided by State-administered systems, as such costs are attributable to the Federally financed programs. The Commissioner of Education will notify all employers of the percentages and the employer shall, within 90 days after the close of the next fiscal year, reimburse the State in the amount of the increased cost from funds received from the Federal Government.

EMPLOYER OBLIGATIONS

Such reimbursement would be paid to the State for increases in contractual salaries reported to the Teachers' Pension and Annuity Fund and Social Security as such salaries are reflected on the Quarterly Reports of Contributions to the Fund and on the Unit 002 Social Security wage reports. Where the additional employee benefit costs are imposed directly upon the employer, involving additional non-contractual compensation for members of the Teachers' Fund or services rendered by employees who are not eligible for membership in the Teachers' Fund, employers should likewise provide for recovery since the Federal statutes permit the cost of such benefits to be charged against the Federal grant.

Please see section 10.5 with respect to coverage for individuals receiving compensation pursuant to grants made under the Federal Elementary and Secondary Education Act of 1965, P.L. 89-10, as it may be amended and supplemented.

- 122.8 STATE'S OBLIGATION, STATE POLICE RETIREMENT SYSTEM - The State pays annually a normal contribution to the retirement system. This contribution is determined each year on the basis of the annual valuation by the actuary as a percentage of salary which, if it had been paid from the time each member was employed until his termination of employment date, with the member's own contributions, would provide for his benefits. In addition, the State pays an amount which, if it is paid each year for 30 years commencing on July 1, 1966, will provide all benefits not provided by the normal contribution plus future contributions by the members and after considering the assets in hand available for such benefits.

The monies appropriated for payment of the premiums for the non-contributory group life insurance coverage are held separate from the retirement system monies and the amount required to pay the annual premium estimated by the carrier is deducted from the normal contribution certified for payment to the retirement system and paid to the group insurance premium fund, which is administered by the State Treasurer.

EMPLOYER OBLIGATIONS

- 122.9 STATE'S OBLIGATION, PRISON OFFICERS' PENSION FUND - The State appropriates a sufficient amount each year to support the pensions and death benefits payable by the Fund. This is a system which has been closed to new employees for some time and its assets were employed to defray the cost of pensions on a current basis.
- 123.1 STATE'S OBLIGATION, CONSOLIDATED POLICE AND FIRE-MEN'S PENSION FUND - With the establishment of the Consolidated Police and Firemen's Pension Fund in 1952, the State began making a special liability payment equal to 1/3 of the annual amount which is determined to be necessary to bring the Fund into a state of actuarial solvency. Such payments are to be made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1953.
- 123.2 LOCAL EMPLOYER OBLIGATIONS, CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND - As of July 1, 1952, all pension funds which had been established under the 1920 legislation were transferred to the Consolidated Fund. Each employer contributes each year 6% of the total salary of all its eligible employees; this is the employer's normal contribution.
- Each employer also contributes each year its share of 2/3 of the annual amount which is determined to be necessary to bring the Fund into a state of actuarial solvency. Such special liability payments are to be made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1953. This payment is made on the basis of semi-annual billings as discussed below.
- 123.3 ADMINISTRATIVE FEES, CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND - The State pays the administrative expense attributable to the Fund. The State is reimbursed on a pro rata basis by participating employers in the proportion that their active and retired members and their beneficiaries bear to the total number of such members and beneficiaries covered by this closed system.
- 123.4 INVOICE FORMS, CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND - There are two invoice forms related to the semi-annual billings received by participating employers as reflected and explained below:

123.41 INVOICE FORM, CONSOLIDATED POLICE AND
FIREMEN'S PENSION FUND, JANUARY 1 BILLING



State of New Jersey
DEPARTMENT OF THE TREASURY

DIVISION OF PENSIONS
137 EAST STATE STREET
TRENTON, N.J.

CONSOLIDATED POLICE AND
FIREMEN'S PENSION FUND
COMMISSION
P.O. BOX 2018
TRENTON, N.J. 08628

Date _____

Bill No. _____

1967	Explanation	Amount
January 1	<p>The obligation of</p> <p>to the Consolidated Police and Firemen's Pension Fund Commission of the State of New Jersey, created and defined by Chapter 358, P. L. 1952:</p> <p>1. The 28th semi-annual Deficit Payment \$</p> <p>2. Employer's Normal Contribution \$*** ***This item to be billed later.</p> <p>3. Administration Fees \$</p> <p>4. Interest Charges</p> <p>ADD 6% INTEREST FROM DUE DATE, JANUARY 1, 1967 IF PAID AFTER MARCH 31, 1967 \$</p>	
	TOTAL	\$

I hereby certify that the above items are correct and are the obligation of the municipality named hereon.

_____, Secretary
Consolidated Police and Firemen's Pension
Fund Commission of the State of New Jersey

EMPLOYER OBLIGATIONS

123.42 INVOICE FORM, CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND, JANUARY 1 BILLING, EXPLANATION - The invoices are prepared upon receipt of the actuary's valuation and are forwarded to the local employer prior to the preparation of the county or municipal budget. The bills are normally mailed in December for payment not later than March.

EXPLANATION - The invoice calls for four items which are indicated as follows:

- a. The Semi-Annual Deficit Payment - This constitutes one-half of the accrued liability payment for the year as calculated by the actuary in his valuation.
- b. Employer's Normal Contribution - This reflects one-half of the normal contribution for the year. If the reports for the prior months of July-December are not completely available when the billing is prepared, a separate bill for this money will be forwarded later to the delinquent employer.
- c. Administration Fees - This constitutes the pro rata administrative fee for the entire year payable by the locality.
- d. Interest Charges - This reflects any interest charges if the appropriation request is not paid timely. Interest is due at 6% per annum from the due date of January 1, if the bill is unpaid by the following March 31.

123.43 INVOICE FORM, CONSOLIDATED POLICE AND
FIREMEN'S PENSION FUND, JULY 1 BILLING



State of New Jersey
DEPARTMENT OF THE TREASURY

DIVISION OF PENSIONS
137 EAST STATE STREET
TRENTON, N.J.

CONSOLIDATED POLICE AND
FIREMEN'S PENSION FUND
COMMISSION
P.O. BOX #2058
TRENTON, N.J. 08625

Date _____

Bill No. _____

1967	Explanation	Amount
July 1	<p>The obligation of the</p> <p>to the Consolidated Police and Firemen's Pension Fund Commission of the State of New Jersey, created and defined by Chapter 358, P. L. 1952:-</p> <p>1. <u>6%</u> of payrolls received (Municipal Share) in the six month period ended June 30, 1967.....</p> <p>2. Interest Charge</p> <p>ADD 6% INTEREST FROM BILLING DATE IF NOT PAID WITHIN THIRTY (30) DAYS</p>	<p>\$</p> <p>\$</p>
	TOTAL	\$

I hereby certify that the above item is correct and is the obligation of the municipality named hereon.

_____, Secretary
Consolidated Police and Firemen's Pension
Fund Commission of the State of New Jersey

EMPLOYER OBLIGATIONS

123.44 INVOICE FORM, CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND, JULY 1 BILLING, EXPLANATION - The second billing for the year is forwarded to the local employer prior to July 1 for payment within 30 days of the billing date.

EXPLANATION - The invoice calls for two items which are indicated as follows:

- a. Employer's Normal Contribution - This percentage of payroll covers the second half of the year, January-June.
- b. Interest Charges - This reflects any interest charges if the bill is not paid timely.

EMPLOYER OBLIGATIONS

- 123.5 LOCAL EMPLOYER OBLIGATIONS, POLICE AND FIRE-MEN'S RETIREMENT SYSTEM - Local employers contribute at a uniform percentage of the payroll of their members, computed to be sufficient with members' contributions to support the regular benefits of the system not met by future accrued liability contributions and the funds in hand available for such benefits.

The monies appropriated for payment of the premiums for the non-contributory group life insurance coverage are held separate from the retirement system monies and the amount required to pay the annual premium estimated by the carrier is deducted from the normal contribution certified for payment to the retirement system and paid to the group insurance premium fund, which is administered by the State Treasurer.

Some local employers have completed the liquidation of the accrued liability on account of the prior service credit for their employees. Accrued liability payments are now being made by other participating municipalities to liquidate the accrued liability on account of prior service credit of their employees. Such liability can be paid either as a single payment, or over a 10 year or 25 year period as elected by the employer.

Local employers are making special accrued liability payments to cover the additional liability of past and prospective service incurred by the liberalization of benefits provided by Chapter 241, P. L. 1964. Such payments are to be made for a period of 30 years, with the first payment in the fiscal year commencing July 1, 1966.

- 123.6 ADMINISTRATIVE FEES, POLICE AND FIREMEN'S RETIREMENT SYSTEM - The State pays the administrative expense attributable to the System. However, each employer reimburses the State by paying a pro rata share of such expense. The proportion is computed as the ratio of the number of members in the locality bears to the total number of members in the System.

State of New Jersey
DEPARTMENT OF THE TREASURY

DIVISION OF PENSIONS
 137 EAST STATE STREET
 TRENTON, N.J.



POLICE AND FIREMEN'S
 RETIREMENT SYSTEM
 P.O. BOX #2058
 TRENTON, N.J. 08625

October 8, 1966

123.7 INVOICE FORM, POLICE AND FIREMEN'S RETIREMENT SYSTEM

Date

Voucher No.

1966

July 1,

- (1) The annual obligation of _____
 for the current service of its employees who are and who
 have been members of the POLICE & FIREMEN'S RETIREMENT
 SYSTEM during the fiscal year ended June 30, 1966.....
- (2) The first annual payment of a 30 year amortization pro-
 gram to meet the municipal obligation under Chapter 241,
 P. L. 1964.....
- (3) INSURANCE - employer sponsored death benefits N.J.R.S.
 43:16A-9 - Group policy 14800 - Treasurer, State of
 N. J. and the Prudential Insurance Co. of America.....
- (4) ADMINISTRATIVE fees - per capita share of annual opera-
 tional costs of the System.....

DUE AND PAYABLE ON OR BEFORE MARCH 31, 1967.

This bill is subject to interest penalty at
 the rate of 6% if paid after that date.
 Please make checks payable to the POLICE AND
 FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY.

TOTAL

I hereby certify that this billing is a correct
 obligation of the municipality named hereon for
 the period indicated on the bill.

#28, 12/31/67

_____, Secretary - Board of Trustees
 ELMER G. BAGGALEY Police & Firemen's Retirement System

EMPLOYER OBLIGATIONS

123.71 INVOICE FORM, POLICE AND FIREMEN'S RETIREMENT SYSTEM, EXPLANATION - The invoices are prepared upon receipt of the actuary's valuation and are to be forwarded to the local employer prior to the preparation of the county or municipal budget. The bills are normally mailed in November for payment on or before March 31. Any delay in payment of the full bill beyond March 31 of the following year will result in the accrual of an interest charge at the rate of 6% per annum from the due date of January 1.

Normally, once any of the accrued liability items have been established they are not likely to change from year to year unless a special valuation is prescribed because of the award of additional prior service credit or a change in the statute. The normal contribution will likely change from year to year as salaries change but the increase should not be substantial unless salaries have been materially altered from the previous year or unless legislation has been enacted which provides for an increase in the normal costs paid by all employers.

The invoice calls for four items which could be indicated on any particular bill:

- a. The Annual Obligation - This constitutes the normal contribution plus any specific accrued liability payment for prior service credit.
- b. Chapter 241, P. L. 1964 - This designates the act which made important liberalizations in the benefit schedule of the System and established an accrued liability payment for a period of 30 years commencing July 1, 1966.
- c. Insurance - This constitutes the payment due from the locality for non-contributory group life insurance coverage.
- d. Administrative Fees - This represents the pro rata administrative fee payable by the locality.

EMPLOYER OBLIGATIONS

123.8 STATE'S OBLIGATION, JUDICIAL PENSION FUND - The State appropriates a sufficient amount each year to support the pensions and death benefits payable to judges and their beneficiaries under the specific provisions of the several judicial pension acts. (See sections 97.2 - 97.25)

123.9 STATE'S OBLIGATION, CENTRAL PENSION FUND - The State appropriates a sufficient amount each year to support the pensions and death benefits payable to former State employees, their beneficiaries and to war veterans with specific disabilities. (See sections 96.1, 97.1, 97.7 - 97.9)

The State likewise makes a contribution for a benefit program appropriate to specific employees of the New Jersey College of Medicine and Dentistry in an amount equal to the normal contribution paid by the State on behalf of non-veteran members of the Public Employees' Retirement System.

124.1 STATE'S OBLIGATION, PENSION INCREASE PROGRAM - The State may appropriate each year an amount sufficient to provide increases under terms of the Pension Increase Act payable to retired members of the Teachers' Pension and Annuity Fund, to former State employee members of the Public Employees' Retirement System and to former State employee members of other State systems, and for one-third of the cost of total employer liabilities for the former members of the Consolidated Police and Firemen's Pension Fund. (See section 92.4)

124.2 LOCAL EMPLOYER OBLIGATIONS, PENSION INCREASE PROGRAM - If the State does appropriate monies for payment of increases under the Pension Increase Act, other public employers are likewise liable to provide increases payable to their former employee members of the Public Employees' Retirement System, the Police and Firemen's Retirement System and for 2/3 of the cost attributable to retired members of the Consolidated Police and Firemen's Pension Fund. (See section 92.5)

Certain locally-administered pension programs have likewise adopted pension increase plans on behalf of retired members of such systems and they constitute additional liabilities payable by these specific employers. (See sections 93.41 - 93.42)

EMPLOYER OBLIGATIONS

- 124.3 ADMINISTRATIVE FEES, PENSION INCREASE PROGRAM - The State pays the administrative expense attributable to the program involving State-administered systems. The State is reimbursed on a pro rata basis by participating employers in the proportion that their retired members bear to the total number of retired members receiving such increases.
- 124.4 LOCAL EMPLOYER OBLIGATIONS, NON-CONTRIBUTORY PENSIONS - Local employers are obligated to appropriate amounts sufficient to pay pensions pursuant to any resolution which the governing body may have adopted in accordance with the General Non-Contributory Act. (See sections 95.1 - 95.7) They may likewise be obligated to pay certain war veterans retired under terms of the Veteran's Retirement Act. (See sections 96.1 - 96.9)
- Certain other employers may be obligated under special pension legislation to pay pensions to specific, retired employees or their beneficiaries. (See sections 97.3 - 97.6, 98.1 - 98.4)
- 124.5 LOCAL EMPLOYER OBLIGATIONS, CONTRIBUTORY PENSIONS - Specific counties and municipalities have additional pension obligations with respect to contributory programs which are locally-administered. (See sections 93.1 - 93.4, 93.5 - 93.9)
- 124.6 STATE'S OBLIGATION, SOCIAL SECURITY - The State appropriates annually an amount sufficient to meet the employer's share of the cost of the Social Security tax on behalf of State employees. It likewise appropriates an amount sufficient to pay the employer's share of the obligation on behalf of members of the Teachers' Pension and Annuity Fund reported through Unit 002 reports by school districts throughout the State. Such monies payable on behalf of members of the Teachers' Fund are included in the amounts to be deducted from State Aid payable to such employing school districts.
- 124.7 LOCAL EMPLOYER OBLIGATIONS, SOCIAL SECURITY - Every public employer in the State is obligated to pay the employer's share of the Social Security tax on behalf of those employees who are properly covered under the Federal-State program. These monies and the pro rata administrative fees are remitted on a quarterly basis. (See sections 60 - 64.6)

EMPLOYER OBLIGATIONS

- 124.8 STATE'S OBLIGATION, STATE HEALTH BENEFITS PROGRAM - The State appropriates annually sufficient funds to meet the employer's share of the cost attributable to those State employees who are enrolled in the State Health Benefits program. The State pays the cost of single coverage for the employee's hospitalization, medical-surgical and major medical coverage.

These premiums are remitted to the respective carriers along with premiums paid by employees for dependent coverage. (See section 110)

- 124.9 LOCAL EMPLOYER OBLIGATIONS, HEALTH BENEFIT PROGRAMS - Almost every public employer in the State provides some form of health benefit program for his employees. Many employers participate, at the option of the governing body, in the State Health Benefits program. Under terms of Chapter 125, P.L. 1964, the employer is obligated to pay the cost of the employee's hospitalization, medical-surgical and major medical coverage as provided under the plan, but also may pay all or any part of the cost of dependent coverage elected by the enrolled employee. The employer is likewise obligated to reimburse the employee age 65 or more who is enrolled under both Parts A and B of the Federal Medicare plan and who requests such refund of charges under Part B of that plan.

Any other program of health benefits is adopted by local employers pursuant to the terms of Chapter 180, P.L. 1960, as amended and supplemented by Chapter 259, P.L. 1964. Under terms of this legislation an employer entering into a health insurance contract is authorized to pay part or all of the premiums. However, the retired employee is required to pay an amount not less than the amount which would have been required to have been paid by him and his employer for the coverage had he continued in employment. (See Section 119)

POLICE AND FIREMEN'S PENSION FUNDS BUREAU

125. THE POLICE AND FIREMEN'S PENSION FUNDS BUREAU - The Police and Firemen's Pension Funds Bureau has its functions divided between the four systems which it administers jointly with other administrative bureaus of the Division of Pensions. Such systems include the Police and Firemen's Retirement System and the information pertaining to that system is detailed below beginning with Section 126, the State Police Retirement System whose structure is described beginning with Section 131, the Prison Officers' Pension Fund discussed in Section 135, and the Consolidated Police and Firemen's Pension Fund reviewed beginning with Section 136.

Each of the retirement systems listed above are represented by a Board of Trustees or Commission comprised of elected and appointed members while the State Treasurer serves as an ex officio member of each.

Each Board or Commission is served by its Secretary; by law the Secretary of the Police and Firemen's Retirement System and the State Police Retirement System is the Chief of the Bureau of Police and Fire Pension Funds. The Secretary of the Consolidated Police and Firemen's Pension Fund is the Assistant Chief of the bureau while another officer of the bureau serves as Secretary of the Prison Officers' Pension Fund.

The work of the largest of these four systems, the Police and Firemen's Retirement System, is functionalized among the administrative bureaus of the Division while the Bureau of Police and Fire Pension Funds does most of the work related to the other programs. Each system is served by the tabulating section of the Division and all pension payrolls are prepared by the Disbursement Section of the Accounting Bureau. All disability claims are reviewed by the Disability Review Section of the Retirement Bureau. All life insurance claims are processed by the Claims Section of the Enrollment and Claims Bureau.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

126. INTRODUCTION - The Police and Firemen's Retirement System of New Jersey became effective on July 1, 1944 under terms of chapter 255 of the laws of 1944. This act extended membership in the system to all newly employed, eligible employees of municipalities whose policemen and firemen had been covered previously under chapter 160 of the laws of 1920. In effect, the Police and Firemen's Retirement System was established by terminating membership in the local, municipal police and firemen pension funds established under the 1920 legislation.

By 1944 it was clear that the 1920 legislation had not safeguarded the financial structure of the local pension funds and in an effort to curtail the ever increasing liabilities of such local funds, membership was closed to new employees who were to be enrolled in the modern system established on an actuarially determined, fully funded, reserve basis. The new system would also permit referenda among other municipalities wishing to adopt a pension program for their eligible policemen and firemen. On the basis of such referenda all prior service is paid for by the community over a fixed statutory period while each municipality is also required to make a normal contribution towards meeting the cost of the liabilities incurred in the previous year.

127. ENROLLMENT - Enrollment in the Police and Firemen's Retirement System is restricted to eligible policemen and firemen. Such eligible employees are defined as any permanent and full time, active, uniformed employee, and any active, permanent and full time employee who is a detective, lineman, fire alarm operator or inspector of combustibles, in a municipal police or fire department. Any person not holding such a title is ineligible for membership. Any application involving anyone holding a different title must be accompanied by an explanation of the duties of the position so that the enrollment question can be submitted to the Board of Trustees for adjudication.

Enrollment is compulsory for all employees holding such titles and is a condition of employment. Since enrollment is subject to a statutory age maximum as well as physical requirements, it is imperative that a candidate for police or fire duty satisfy eligibility for membership in the retirement system before the employer makes any commitment to the individual involving tenure of office or position.

127.3 ENROLLMENT APPLICATION (White colored)

PF-10-16-965

STATE OF NEW JERSEY - DIVISION OF PENSIONS
POLICE AND FIREMEN'S RETIREMENT SYSTEM

P.O. BOX 2058
TRENTON, N.J. 08625

ENROLLMENT APPLICATION

Part I Please Print or Type:

1. Name: _____ Registration No. _____
Last First Middle Do Not Write In This Box

2. Address: _____ 3. Date of Birth: _____
Street City Month Day Year

4. Sex () M () F - Marital Status _____ 7. Veteran Status (If over 30 years of age, attach copy of military papers)
Induction-or

5. Wife's Name _____ a. Date of Enlistment _____

6. Wife's Date of Birth _____ b. Date of Discharge _____

8. I wish to enroll as of the first of: _____
Month Year

NOTE: All memberships are effective on the first day of the month. An employee has the option of enrolling as of: (1) the date of probational appointment; (2) the date of permanent appointment and (3) the first day of any month during the probational period.

DESIGNATION OF BENEFICIARY

(Insurance payable in event of death and which is not directed by statute to a widow and/or children)

10. DESIGNATION OF BENEFICIARY - GROUP LIFE INSURANCE AND RETURN OF ACCUMULATED DEDUCTIONS
PRIMARY BENEFICIARY

Beneficiary	Relationship	Address	Birth-Date
CONTINGENT BENEFICIARY (IN THE EVENT PRIMARY BENEFICIARY DOES NOT SURVIVE MEMBER)			

If multiple beneficiaries are named the following shall apply; "Share and share alike, survivor or survivors". Payment will be made on a lump sum basis, unless an appropriate form, provided upon request, is filed.

NOTE: Employees at enrollment are required, by statute, to pay 1% of salary for contributory insurance coverage during their first full year of membership.

I am interested in the Supplemental Annuity Program. Please send me explanatory literature Yes () No (). For further information see reverse side.

Date _____ Signature of Applicant _____

Part II

CERTIFICATION OF EMPLOYER

1. Title of applicant's position _____ 2. Present annual salary _____ monthly salary _____
Do not include bonus or allowance

3. Date of probational appointment _____ Date of permanent appointment _____

4. Employed by _____
Department Municipality County

5. I certify that the dates of probational and permanent appointments and all other information on this application are correct and in accordance with departmental records.

Signature of Certifying Agent _____ Title _____ Date _____

Part III

CERTIFICATION TO EMPLOYER AND EMPLOYEE

1. Symbol _____ 2. (Not applicable) _____ 12. Total months of service _____ 13. (Not applicable) _____

3. Periods _____ Deductions begin _____ 14. (Not applicable) _____ 15. (Not applicable) _____

4. Base Salary quarter of certification \$ _____ 16. (Not applicable) _____ 17. Rate _____ %

5. Normal rate (Excluding additional death benefit coverage) is _____ % 18. Age _____

6. Additional D/B coverage eff. _____ Amt. due this qtr. \$ _____ 19. Enrollment Date _____

7. (Not applicable) 8. 12 month employee _____ 12 _____ 20. Sex _____ 4 _____ 21. Birth Date _____

9. Accumulative base salary on this quarterly report \$ _____ 22. (Not applicable) _____

10. From _____ to _____ back deductions are _____ 23. Prior Service _____ months
due. _____ payments of \$ _____

11. Back ded. this quarter \$ _____ Total \$ _____ Figured _____ Checked _____

CERTIFIED BY: ELMER G. BAGGALEY
Secretary of the Retirement System

BY _____ Date _____

Date

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

127.4 EMPLOYEE RATES OF CONTRIBUTION - The member's rate of contribution is based on his age determined at the effective date of his enrollment and this is adjusted to the nearest year. For example, a candidate who is 29 years, 5 months old would be considered age 29 for rate purposes while a candidate 29 years and 6 months of age would be considered age 30 for rate purposes. The rates of contribution are constant and are applied to gross base salary, excluding bonus, maintenance or any other allowance. These rates do not include the contribution for contributory group insurance, currently an additional 1% of gross base salary subject to the retirement system.

128. CONTRIBUTION AND ACCOUNTING - The total of the pension and insurance contributions taken is forwarded monthly to the Division of Pensions by each covered employer using the Monthly Transmittal of Contributions form. Before the conclusion of the calendar quarter, the Division of Pensions prepares a quarterly summary of the deductions which were appropriate to each member and forwards such reports to the municipality for adjustment and return. After making the necessary changes, the municipality forwards the quarterly transmittal of contributions as well as the quarterly report of contributions.

The entire procedure pertaining to such reports and transmittals is similar to that followed for members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System and is described in sections 50 and 55. Any differences which are unique to the Police and Firemen's Retirement System are also described in these aforementioned sections of the Field Manual.

Following the audit of the reports by the Contribution Accounting Bureau of the Division, the individual accounts are updated for the calendar quarter including any miscellaneous transactions which may have occurred in this accounting period. The records thereby established serve as the basis for processing loans, withdrawals, death claims and retirements.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

- 128.1 CERTIFICATIONS - All changes involving certifications to employers are made by the Division to such employers. Such certifications involve the beginning of payroll deductions for pension and contributory insurance, changes in the initial rate of contribution, loans and arrears schedules and changes in such schedules, etc. The quarterly reports filed with the municipality will reflect such certifications.
- 128.2 STATEMENT OF ACCOUNT - Annually a statement of account is furnished to each member indicating the balance of his account with respect to the value of his contributions and any balances due to loans or arrearages.
- 128.3 BOOKKEEPING AND INVESTMENT - The Police and Firemen's Retirement System maintains its depository and custodial accounts with a selected bank within the State.

As in all systems, the daily bank balance is furnished with a statement of cash available for investment. Such statement is prepared by the Secretary by anticipating receipts (such as employee and employer contributions, interest payments and maturities) and disbursements (such as the pension payroll, withdrawals, death claims and loans) as well as a reasonable working balance necessary to meet the current needs of the system.

The Division of Investment is thereby advised of any sums available for investment and that Division makes recommendations for investment to be confirmed by action of the Board of Trustees of the retirement system.

Bills itemizing the investment purchase are forwarded to the Secretary who prepares a check and forwards the check and the covering voucher to the Cash Control Section of the State. This section delivers the check to the Division of Investment which arranges for the delivery of the security to the custodial bank. The bank then advises the system that the security has been received and that the system's account has been credited.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

Each month the bookkeeper of the system prepares statements indicating the position of the various funds in the form of a statement of income and disbursement and a balance sheet.

Currently there are about 18 accounts maintained in the Daily Cash Journal. A General Journal is maintained to effect the non-cash entries and miscellaneous adjustments. All of the accounts are patterned after the proper methods of accounting and procedures compatible with the handling of funds in the other systems administered by the Division of Pensions.

- 128.4 ACTUARIAL - Data stored in the tabulating card records maintained by the Division of Pensions is annually supplied to the consulting actuary. Each year the actuary's report results in an annual valuation of the assets and liabilities of the fund and reflects the amortization of the unfunded liabilities of the system. Periodic studies by the actuary review the tables used by the system in its calculations with recommendations for adjustments in the tables where such is deemed necessary.
129. CLAIMS - The material pertaining to claims deals with death benefits as well as withdrawals and loans.
- 129.1 NON-CONTRIBUTORY GROUP LIFE INSURANCE - If the death of a member takes place while he is in service and the death is not due to an accident in the line of duty, his named beneficiary or his estate receives $1\frac{1}{2}$ times the member's final compensation. All of the basic contributions made by the member during his lifetime will also be paid to the beneficiary.

A member who retires is protected by a death benefit of $\frac{3}{16}$ of his final compensation. This would be paid to the beneficiary designated by the retired member.

- 129.2 CONTRIBUTORY GROUP LIFE INSURANCE - All members who are covered by the additional death benefit program were given an option to continue contributory insurance coverage for an additional 1% of salary contribution. All new employees are compulsorily covered under the contributory program during their first year of membership in the system.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

If death occurs while in service, the beneficiary will receive an additional 2 times the member's final compensation. During the first year of membership the benefit is computed at 2 times the member's annual rate of compensation. Members may cancel the contributory group life insurance coverage at any time after the first year of membership. Once canceled, however, it cannot be reinstated.

An employee who retires is protected by an additional death benefit of 3/16 of the member's final compensation. This coverage is available to every member who is covered by the contributory insurance program during the last month of creditable service. No further premium payment for this coverage is required after retirement.

129.3 GROUP LIFE INSURANCE, CONDITIONS AND PAYMENTS -

The non-contributory and contributory group life insurance plans protect the member for up to two years while on leave due to illness or up to 93 days while on leave for any other reason. No contributions will be required while on official leave of absence without pay for illness but while on leave without pay for any other reason, the member must arrange with the system to make payments for such coverage.

The death benefits under the group life insurance plans may be designated to be paid in:

- (a) Lump sum - where provision is made for lump sum payment of benefits, the beneficiary may elect to receive them in installments or as a life annuity instead.
- (b) Installments for a Certain Period of Time - should the beneficiary die before all the payments have been made, the remaining value will be paid in a lump sum to the beneficiary's estate.
- (c) Life Annuity - the value of the annuity will be determined by the benefit amount and the life expectancy of the beneficiary; payment will cease at the death of the beneficiary.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

- 129.4 BENEFICIARY DESIGNATION - A member may file and alter from time to time the designation of beneficiary or beneficiaries he wishes to receive the benefits of the program. A member may name any person, institution, trust or his estate as primary or contingent beneficiary. He may also designate and change from time to time the method he wishes to apply to such payment. All designations and elections must be on forms provided by the system and filed with it.
- 129.5 SERVICE CONNECTED DEATH - The surviving widow of a member who dies from an accident met in the actual performance of duty, within five years of such accident, will receive a pension of 50% of the member's average final compensation. In order to qualify for the pension benefit, the widow must have been married to the member before his 50 birthday. If there is no widow or if she dies or remarries, the pension will be paid to children of the deceased member under age 18 in equal shares if there be three or more children; if there be two children, they shall receive \$40 a month each; if there be only one child, he shall receive \$50 a month. In no event shall the pension paid to children exceed the sum of \$1,500 annually.

In the event a pension is payable to a survivor, the non-contributory benefit and the payment of the member's contributions is waived in lieu of such pension although the value of the insurance and the member's contributions establishes a minimum to be distributed under either benefit.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

129.6 WITHDRAWALS AND LOANS - A member who resigns, is dismissed or for some reason terminates his employment and ceases to be a policeman or fireman before qualifying for a benefit, receives the total of his contributions made to the system. This return would not include premiums for contributory insurance coverage.

Part I of the withdrawal application is completed by the member; Part II requires a certification by the Certifying Agent of the employer. Checks are prepared and forwarded to the Cash Control Section with a voucher and mailed by that section to the withdrawing member.

A member may borrow from the system if he has at least three years of contributing membership credit, be under age 55 and repay such loan before reaching age 55, repaying such loan at 4% interest, does not make more than two loans in any one calendar year and be actively employed when the application for the loan is filed. A member may borrow amounts from \$50 up to 1/2 of his aggregate contributions; payments will be deducted from his pay and cannot exceed 25% of his salary. Payments must equal the member's full normal pension deduction. Any amount unpaid at retirement is deductible from any other benefit. Please see section 29 regarding the loan procedure applicable to all systems.

POLICE AND FIREMEN'S RETIREMENT SYSTEM
 STATE OF NEW JERSEY
 APPLICATION FOR WITHDRAWAL

PART 1 (TO BE COMPLETED BY MEMBER)

I, _____, Membership No. _____
 (Print full name)
 (resigned), (was dismissed) _____ from my position as _____ in the
 (Other)
 _____ on the _____ day of _____ 19 ____
 (Municipality) (County)
 and am not now in the employ of any county, municipality, or fire district that is covered by the System.

In accordance with the provisions of N.J.S.A. 43:16A-11, I hereby apply for the return of the salary deductions which have been credited to my account. In consideration of the return of such amount, I hereby waive for myself, my heirs and assigns, all my right, title and interest in any and all funds under the care and control of the Police and Firemen's Retirement System of New Jersey.

State of _____ }
 County of _____ } ss

 Signature

 Address to which check is to be mailed

Sworn and subscribed before me this _____ day of _____, 19 ____.

Signature of Notary or
 Commissioner of Deeds _____ }
 Official Title _____ } If you have an
 Official Seal,
 Affix it

PART 2 CERTIFICATION OF EMPLOYING AGENCY

Certifying Agent: In order to avoid delay in honoring this withdrawal claim, your certification will be used to calculate the payment due. You, therefore, should not execute and return this form until the last deduction from salary has been made.

I hereby certify that _____ (resigned, (was dismissed) _____ (OTHER)
 from this department on _____ (DATE OF SEPARATION) . Last salary deduction was made for the month
 of _____ (MONTH) _____ (YEAR) and he is no longer employed by this county, municipality, or fire district.

NOTE: IF THIS MEMBER IS A PARTICIPANT IN THE SUPPLEMENTAL ANNUITY COLLECTIVE TRUST AND IS WITHDRAWING ALL ACCUMULATED SALARY DEDUCTIONS IN THE RETIREMENT SYSTEM, A SEPARATE "APPLICATION FOR WITHDRAWAL FROM S.A.C.T." MUST BE SUBMITTED TO WITHDRAW FROM THE SUPPLEMENTAL ANNUITY COLLECTIVE TRUST.

I further certify that the following deductions have been made from his salary during the last three quarterly periods (including the current quarter):
 (SEE QUARTERLY REPORT OF CONTRIBUTION)

QUARTER ENDING	BASE SALARY SUBJECT TO CONTRIB THIS QUARTER	FULL RATE	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL PENSION DEDUCTIONS	SUPPLEMENTAL ANNUITY	
					NO.	AMOUNT			% RATE	\$ AMOUNT

DATE _____ SIGNATURE OF CERTIFYING AGENT _____
 TITLE _____ EMPLOYING AGENCY _____ COUNTY _____

PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETION

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

130. RETIREMENT BENEFITS - Applications for service retirement, whether they be for age and service, early retirement or for deferred retirement and applications for accidental or ordinary disability are presented to the Board of Trustees for approval. After approval a number is assigned and the appropriate benefit is calculated. The information relating to the benefit is given to the Disbursement Section where the item is entered on the pension payroll.
- 130.1 RETIREMENT FOR AGE AND SERVICE - A member may retire at age 55; no minimum service requirement must be established. The amount of the pension will be equal to 2% of the member's average final compensation for each year of service up to 25 years, plus 1% for each year of creditable service in excess of 25, or 1/60 of average final compensation multiplied by the number of years of his creditable service, whichever is greater. Retirement is compulsory at age 65.
- 130.2 EARLY AND DEFERRED RETIREMENT - Early retirement is permitted for members who have 25 or more years of creditable service and who leave police or fire duty before attaining the normal retirement age of 55. The regular service retirement formula of 2% of the member's average final compensation for each year of service up to 25 years, plus 1% for each year of creditable service in excess of 25, would apply but a reduction would be made for each month that the member lacks of being age 55.

Deferred retirement is available to any member who has established 25 or more years of creditable service in the system and who has not attained the normal retirement age of 55 at the time he leaves police or fire duty. Benefits will be deferred until the member reaches age 55; the regular service retirement formula will apply as indicated above in this section. The member who vests cannot withdraw his contributions from the system; if he did, he would forgo the payment of his deferred pension. If death occurs before the attainment of age 55, all that is payable is a return of the member's contributions.

130.3 APPLICATION FOR RETIREMENT (White colored)

PF-30-12-564

SR-1 (Rev. 1964)

P.O. BOX 1780
TRENTON, N.J.

0R625

POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY

APPLICATION FOR SERVICE RETIREMENT

TO THE BOARD OF TRUSTEES:

I _____ hereby make application to the Board of Trustees, Police & Firemen's Retirement System of New Jersey for service retirement under the provisions of R.S. 43:16A-5.

I request that this retirement become effective as of _____ 19 ____ or the first date thereafter consistent with the provisions of the law and the policy of the Board of Trustees.

I request the Board of Trustees to grant this retirement under the following provisions:

- MAXIMUM retirement allowance-payable for my lifetime; all benefits ceasing at my death.
- OPTION 1 - A reduced retirement allowance payable for my lifetime with the provision that upon my death the value of my total contributions less annuity payments received by me, will be paid in a lump sum to a beneficiary I have designated or to my estate if such beneficiary does not survive me.
- OPTION 2 - A reduced retirement allowance payable to me for my lifetime with the provision that upon my death the same amount will be continued to my designated beneficiary for his (her) lifetime and cease thereafter.
- OPTION 3 - A reduced retirement allowance payable to me for my lifetime with the provision that upon my death the allowance will continue at one-half that received by me to my designated beneficiary for his (her) lifetime and cease thereafter.

DESIGNATION OF BENEFICIARY

I, the undersigned, do hereby void and supersede all previous designations under this act, and designate _____ my _____ whose address is _____

and who was born on _____ as the beneficiary to whom I request the Board to pay in the event of my death after retirement an allowance according to the option I have chosen and/or the one sum benefit payable under Chapter 266, P.L. 1953.

(Signature of Applicant)

(Mailing Address)

The said _____ personally appeared before me on this the _____ day of _____ 19 ____ to me known and known to me to be the person who executed the foregoing instrument and acknowledged the same to be his act and deed.

(Signature of Municipal Official or Notary)

(Title)

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

- 130.4 ACCIDENTAL DISABILITY RETIREMENT - A member who becomes permanently and totally disabled as a direct result of a traumatic event occurring during and as a result of his performance of regular or assigned duty and not as a result of his willful negligence, and is mentally and physically incapacitated for the performance of any other available duty which his employer is willing to assign to him, may retire or be retired on an accidental disability retirement. The amount of the retirement benefit is equal to 2/3 of his final compensation, plus an annuity which will be the actuarial equivalent of the member's pension contributions. Such application for accidental disability must be filed within five years of the accident, but unusual circumstances of delayed manifestation or other circumstances beyond the control of the member, may be considered by the Board of Trustees.

Upon the death of a member retired for accidental disability, a pension of \$1,500 a year is payable to his surviving widow. If there is no widow or if she dies or remarries, the pension will be paid to children of the deceased member under age 18 in equal shares if there be three or more children, if there be two children, they shall receive \$480 a year each; if there be only one child, he shall receive \$600 a year.

- 130.5 ORDINARY DISABILITY RETIREMENT - A member who has at least five years of creditable service and who becomes mentally or physically incapacitated for the performance of his usual duty or any other available duty to which his employer is willing to assign him, may retire or be retired on an ordinary disability retirement. The amount of the pension is subject to a minimum benefit equal to 40% of the member's average final compensation. If the member's years of creditable service, as multiplied by $1\frac{1}{2}\%$ of average final compensation for each such year, exceeds the minimum, a larger benefit will be payable.
- 130.6 APPLICATION FOR DISABILITY RETIREMENT - Special application forms are required for disability retirement, a two-part form for ordinary disability and a four-part form for accidental disability as illustrated below:

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
POLICE AND FIREMEN'S RETIREMENT SYSTEM

- (a) Part I - Basic application form upon which the employee enters identifying data, indicates his request for either ordinary or accidental disability, stipulates the effective date and selection of option, designates beneficiary and affixes his signature. The application requires a notary's signature and seal. In accord with Attorney General's ruling, the application also includes a printed statement advising that the applicant for accidental disability benefits will be retired on ordinary disability, if eligible, should the Board of Trustees deny the original application but find that the member is indeed disabled.
- (b) Part II (Reverse side of Part I) - Employer's certification of disability which also requires a history of the member's absences due to illness during the two-years preceding retirement, both with and without pay. A statement outlining the duties applicable to the member's position is provided, and the fact that ordinary disability will be granted if accidental disability is disapproved, is reiterated.
- (c) Part III - This form is required only for accidental disability claims, and is the applicant's personal statement supporting such claim. The employee must itemize his position, time, date and place of the accident, and furnish a detailed description of the accident, injuries incurred, any periods of hospitalization and absence from work due to such accident. He is required to advise if the application is voluntary and if an application for Workmen's Compensation has been or is scheduled to be filed. A notarized signature is required on this form.
- (d) Part IV (Reverse side of Part III) - This form is required only for accidental disability claims, and is the employer's certification concerning the accident. Information regarding the time, date and place of the occurrence is required, a statement of the duties being performed at the time of the accident must be added and the employer must certify whether or not the accident was the result of willful negligence, and if they feel that the employee is totally and permanently incapacitated for further performance of his duties.

POLICE AND FIREMEN'S RETIREMENT SYSTEM
STATE OF NEW JERSEY
APPLICATION FOR DISABILITY RETIREMENT

NOTES

- 1. Employer must complete reverse side of this form.
2. Medical report of your personal physician must be filed with application.
3. If your disability necessitated hospitalization, arrange with hospital to forward transcript of hospital records directly to Disability Review Section, Division of Pensions, 137 East State Street, Trenton, New Jersey 08625.
4. For explanatory information see booklet, "Police and Firemen's Retirement System".

PART I - (To be completed by applicant)

1. Name of Applicant (print or type full name) 2. Membership No.

3. Mailing Address

4. Employer County

5. Position 6. Date of Birth (month-day-year)

7. I do hereby apply for: Ordinary Disability Retirement
* Accidental Disability Retirement

*Applicants for Accident Disability must also submit Parts III and IV of "Application for Disability Retirement" form. Please note that an applicant for accident disability will be retired on an ordinary disability retirement allowance, provided he meets the service qualifications for such retirement, if the Board of Trustees of the Police and Firemen's Retirement System finds that he is totally and permanently disabled but that his disability is not the direct result of a traumatic event occurring during, and as a result of, the performance of his regular or assigned duties.

8. I hereby certify, and swear or affirm, that I am presently unable to perform the duties of my employment because of the following disability (State the symptoms of your disability, not necessarily in medical terminology, which render you unable to perform your duties):

9. Retirement benefits to become effective on the first day of , 19 .

10. Do you wish to receive the maximum allowance without option? (Yes or No)

(a) If not maximum, state the option desired: Option 1, 2, or 3

(b) If survivorship allowance is requested under Option 2, or 3 submit evidence of date of birth of beneficiary herewith.

11. Designation of beneficiary for any benefits due after my death if he or she survives me, otherwise to the executor or administrator of my estate: This designation shall apply only after my retirement has become effective.

Name of Beneficiary (first middle last)

Address (street and number city state)

(sex relationship to me birth: month-day-year)

State of ss
County of

Signature of Applicant

Sworn and subscribed before me this day of , 19 .

If you have an Official Seal, Affix It

Signature of Notary

Official Title

**POLICE AND FIREMEN'S RETIREMENT SYSTEM
CERTIFICATION OF EMPLOYER**

PART II - (To be completed by employer)

This is to certify that _____, _____
(member) (position)

_____ incapacitated for the
(is) (is not) (physically) (mentally)

continued performance of duty and _____ be retired on the basis of the
(should) (should not)

attached report of our Police and Fire Surgeon.

A record of the member's absences, due to illness, in the past two years with pay and without pay is as follows:

Dates		Indicate whether With or Without Pay
_____ to _____	_____	_____
_____ to _____	_____	_____
_____ to _____	_____	_____
_____ to _____	_____	_____
_____ to _____	_____	_____

The member last reported for work on _____.

If member is now on an official leave of absence due to illness, indicate inclusive dates of leave

The duties of the member's position are:

The employer fully understands that an applicant for accident disability will be retired on an ordinary disability retirement allowance, provided he meets the service qualifications for such retirement, if the Board of Trustees of the Police and Firemen's Retirement System finds that he is totally and permanently disabled but that his disability is not the direct result of a traumatic event occurring during, and as a result of, the performance of his regular or assigned duties.

Signature of Certifying Agent

Date

Employing Agency

County

The following must accompany this application:

1. "Certification of Service and Final Salary" form.
2. Report of medical examination of applicant by Police and Fire Surgeon.

POLICE AND FIREMEN'S RETIREMENT SYSTEM
STATE OF NEW JERSEY
APPLICATION FOR DISABILITY RETIREMENT

PART III - (To be completed by applicant)

APPLICANT'S STATEMENT SUPPORTING CLAIM FOR ACCIDENTAL DISABILITY RETIREMENT ALLOWANCE

I declare that I am incapacitated for further service as a _____ as a result of a
(position)
traumatic event which occurred while I was performing my duties at _____ on
(time)
_____ at _____
(date) (place)

1. Describe the traumatic event (accident) in detail, including description of injuries received by you:

2. Periods of hospitalization arising from traumatic event _____

3. Periods of absence from duties due to traumatic event (include leave with pay) _____

4. Have you performed regular duty since the traumatic event? _____

5. Is this a voluntary application for Disability Retirement? _____

6. Has a claim been filed or will a claim be filed for Workmen's Compensation? _____

What compensation has been awarded? _____

Date award was made? _____

I hereby certify that I fully understand that I will be retired on an ordinary disability retirement allowance, provided I meet the service qualifications for such retirement, if the Board of Trustees of the Police and Firemen's Retirement System finds that I am totally and permanently disabled but that my disability is not the direct result of a traumatic event occurring during, and as a result of, the performance of my regular or assigned duties.

Signature of Applicant

State of _____
County of _____ ss

Sworn and subscribed before me this _____ day of _____, 19 _____

If you have an Official Seal,
Affix it

Signature of Notary _____

Official Title _____

1/1/67, TL #24

130.73 APPLICATION FOR DISABILITY RETIREMENT FORM, PART IV

(White colored)

PF-30-20-965

P.O. BOX 2058
TRENTON, N.J. 08625

**POLICE AND FIREMEN'S RETIREMENT SYSTEM
CERTIFICATION OF EMPLOYER**

PART IV - (To be completed by employer)

We hereby certify that the records of this office show that:

1. _____ was injured in the performance of his duties

Name of Applicant

on _____ at _____ at _____

date
place
time

2. He was performing the following duties at the time of the traumatic event which was described by the applicant in item 1, Part III of this application.

3. The traumatic event was/was not the result of his willful negligence.

We further certify that, to the best of our knowledge and belief:

1. The aforementioned traumatic event is the natural and proximate cause of the disability.
2. The applicant is totally and permanently physically/mentally incapacitated for the continued performance of duty and should be retired on an accident disability retirement benefit.
3. The employer fully understands that the applicant will be retired by the Board of Trustees of the Police and Firemen's Retirement System on an ordinary disability benefit, provided he meets the service qualifications for such allowance, if it determines that he is totally and permanently disabled but that such disability is not the direct result of a traumatic event occurring during, and as a result of, the performance of his regular or assigned duties.

Signature: _____

Certifying Agent

Employing Agency

Date

1/1/67, TL #24

Attached are employer copies of accident reports.

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

131. INTRODUCTION - The State Police Retirement System of New Jersey became effective July 1, 1965 under terms of chapter 89 of the Laws of 1965. This act repealed the statute governing the former State Police Retirement and Benevolent Fund while protecting the rights and privileges of the members, active or retired, and the beneficiaries, present or prospective, of the former fund. The act governing the former fund can be found in N.J.R.S. 53:5 while the act governing the new system is given as chapter 5A of Title 53.

The former fund had been established as a result of legislation adopted in 1925 and consequently by 1965 contained many archaic provisions which called for modernization and liberalizations. The Division of State Police also contracted with an insurance carrier in 1925 for a contributory life insurance program, supplementing the benefits provided under the pension plan. This policy later served as a model for the more modern non-contributory and contributory insurance programs to be provided in most of our retirement systems. As a result of the new legislation, this coverage was superseded by the new contributory insurance program maintained by the Board of Trustees of the State Police Retirement System.

While the benefit schedule of the former fund was largely liberalized as a result of this new legislation, benefits promised in the past were not reduced. The benefit schedule therefore distinguishes in some cases between benefits available to members and beneficiaries of members of the former fund in contrast to those payable to members first employed July 1, 1965 and thereafter. Moreover, the sizeable financial liabilities of the former fund were assumed under the new system to be met by accrued liability payments to be made by the State over a period of 30 years.

132. ENROLLMENT - The enrollment procedure is closely designed to meet the recruitment activities of the Division of State Police. New recruits for the State Police are trained for specified periods and thereafter appointed. Upon appointment such recruits are enrolled in the retirement system as a condition of employment.

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

132.1 ENROLLMENT APPLICATION - Part I of the Enrollment Application is completed by the trooper. The applicant is requested to supply his name, address, date of birth, marital status and to list his dependents. He is advised on the enrollment form that the contributory insurance program is compulsory during the first year of membership. The enrolling member is directed to name primary and contingent beneficiaries to receive all of the death benefits which would not be specifically directed to a particular survivor, such as a widow, child or dependent parent. The applicant is requested to indicate whether he wishes to enroll in the Supplemental Annuity program and his signature completes the first part of the application.

Part II of the application is completed by the Certifying Agent who is the Executive Officer or the person designated by the Superintendent of State Police. Information is obtained regarding the employee's payroll number, badge number, title, annual salary, annual maintenance allowance and enlistment date which receive the certification of the Certifying Agent.

Upon receipt of the Enrollment Application, it is processed by the Division of Pensions preparing the necessary actuarial and accounting records and the assignment of the membership number for the system.

Since all members of the retirement system are required to pay a flat rate of 6% of salary, as well as a uniform rate of 1% of salary for contributory insurance, no certification of payroll deductions is initially made by the Division of Pensions. The personnel officer of the Division of State Police conveys the actual payroll information to the Centralized Payroll System.

STATE OF NEW JERSEY-DIVISION OF PENSIONS
STATE POLICE RETIREMENT SYSTEM

ENROLLMENT APPLICATION

PART I (Please Print or Type):

1. Name _____ Reg. No.
Last First Middle

2. Home Address _____
Street City State

3. Date of Birth _____ 4. Marital Status _____

5. DEPENDENTS (If married list Wife & Children/if single name Dependent Parents)

Name of Dependent	Relationship	Date of Birth

6. ADDITIONAL DEATH BENEFIT (Contributory Insurance Program) is compulsory for all members during their first year of membership in the retirement system.

7. DESIGNATION OF BENEFICIARY - I designate the following person(s) to receive all death benefits described by the statute which are not specifically directed to a widow, child or dependent parent.

PRIMARY BENEFICIARY:

Name of Designation Relationship Birthdate

CONTINGENT BENEFICIARY:

Name of Designation Relationship Birthdate

If multiple beneficiaries are named, the following shall apply; "Share and share alike, survivor or survivors". Payment will be made on a lump sum basis unless the member indicates otherwise by filing appropriate form provided by this office.

SUPPLEMENTAL ANNUITY PROGRAM (Chapter 123, P.L.63) I wish to enroll in this program. Please send me an enrollment application.
 I do not wish to enroll in this program.

Date Signature of Applicant

PART II CERTIFICATION BY EMPLOYER: Employee No. _____ Payroll No. _____

8. Title of Employee _____ Badge No. _____

9. Present Annual Salary \$ _____ Present Annual Maintenance Allowance \$ _____

10. Enlistment date in the New Jersey State Police _____

I hereby certify that the information given above is correct and in accordance with the records of the Division of State Police, Department of Law and Public Safety, State of New Jersey.

1/1/67, TL #24

Signature of Certifying Agent Title Date

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

133. CONTRIBUTION AND ACCOUNTING - The total of pension and insurance contributions taken is forwarded to the Division of Pensions by the Centralized Payroll System and credited by the bookkeeper of the system. At the conclusion of the calendar quarter, the Centralized Payroll System summarizes the deductions made by all members and forwards tabulating cards and lists to the Division for audit and reconciliation. When the itemization of individual accounts is performed, the punch cards are used to update the individual membership records. These records serve as a basis for processing loans, withdrawals, death claims and retirements.
- 133.1 CHANGES - Changes in payroll deductions and insurance contributions are conveyed by interoffice memoranda to the Centralized Payroll System with copies to the personnel officer of the Division of State Police. Such miscellaneous changes involve additional deductions or changes in such deductions pertaining to loans and arrearages.
- 133.2 STATEMENT OF ACCOUNT - Annually a statement of account is furnished to each member indicating the balance of his account with respect to the value of his contributions and any balances due to loans or arrearages.
- 133.3 BOOKKEEPING AND INVESTMENT - The State Police Retirement System maintains its depository and custodial records with a selected bank within the State, banking and investing by mail service.

As in all systems, the daily bank balance is furnished with a statement of cash available for investment. Such statement is prepared by the Secretary by anticipating receipts (such as employee deductions, interest payments and maturities) and disbursements (such as pension payroll, withdrawals, death claims and loans) as well as a reasonable working balance necessary to meet the current needs of the system.

The Division of Investment is thereby advised of any sums available for investment and that Division makes recommendations for investment to be confirmed by action of the Board of Trustees of the retirement system.

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

Bills itemizing the investment purchase are forwarded to the Secretary who prepares a check and forwards the check and the covering voucher to the Cash Control Section of the State. This section delivers the check to the Division of Investment which arranges for the delivery of the security to the custodian bank. The bank then advises the system that the security has been received and that the system's account has been credited.

Each month the bookkeeper of the system prepares statements indicating the position of the various funds in the form of a statement of Income and Disbursement and a Balance Sheet.

Currently there are about 20 accounts maintained in the daily cash journal. A general journal is maintained to effect the non-cash entries and miscellaneous adjustments. All of the accounts are patterned after the proper methods of accounting and procedures compatible with the handling of funds in the other systems administered by the Division of Pensions.

- 133.4 ACTUARIAL - Data stored in the tabulating card records maintained by the Division of Pensions is annually supplied to the consulting actuary. Each year the actuary's report results in an annual valuation of the assets and liabilities of the fund and reflects the amortization of the unfunded liabilities of the system over a 30 year period. Periodic studies by the actuary review the tables used by the system in its calculations with recommendations for adjustments in the tables where such is deemed necessary.
134. CLAIMS - The material pertaining to claims deals with death benefits as well as withdrawals and loans.

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

134.1 DEATH BENEFIT DEFINITIONS -

"Children" means a deceased member's unmarried children under age 18.

"Dependent Parent" means a parent of a deceased member who was receiving at least one-half of his support from the member in the year preceding the member's death.

"Final Compensation" means the average compensation received by the member in the last 12 months of creditable service, including the value of the member's maintenance allowance for the same period.

"Final Salary" means the average salary received by the member in the last 12 months of creditable service.

"Widow" means the woman to whom a member was married before he attained 50 years of age and to whom he continued to be married until his death and who has not remarried subsequent to his death.

134.2 NON-SERVICE CONNECTED DEATH BEFORE RETIREMENT -

The surviving widow of a member of the former fund receives a pension of 50% of the member's final compensation. If there is no widow or if she dies leaving children of the member under age 18, the pension will be paid to such children at the rate of 50% of final compensation to three or more children, 35% to two children and 20% to one child. If there is neither widow nor child but one dependent parent of the member, 25% will be paid; if two such parents survive, 40% will be paid.

The surviving widow of a member enrolled since July 1, 1965, receives an annual pension of 25% of the member's final compensation plus 15% of final compensation for one child, or 25% for two or more children. If there is no widow, the benefits payable are those indicated above as paid to children and parents.

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

134.3 SERVICE CONNECTED DEATH BEFORE RETIREMENT -

The surviving widow of a member who dies from an accident met in the actual performance of duty, within 5 years of such accident, will receive a pension of 50% of the member's final compensation. If there is no widow or if she dies leaving children of the member under age 18, a pension will be paid to such children at the rate of 50% of final compensation to three or more children, 35% to two children and 20% to one child. If there is neither widow nor children, but one dependent parent of the member, 25% will be paid; if two such parents survive, 40% will be paid.

134.4 DEATH AFTER RETIREMENT - The surviving widow of a retired member, who was a member of the former fund, will be paid an annual pension equal to 50% of the member's final salary. The surviving widow of a retired member, other than a member of the former fund, will receive an annual pension of 25% of the member's final compensation, plus 15% of final compensation for one child, or 25% for two or more such children.

If there is no widow or if the widow dies leaving children of the member under age 18, a pension will be paid to such children at the rate of 50% of final compensation to three or more children, 35% to two children and 20% to one child.

134.5 NON-CONTRIBUTORY GROUP LIFE INSURANCE - If the death of a member takes place while he is in service and the death is not due to an accident in the line of duty, his named beneficiary or his estate receives $1\frac{1}{2}$ times the member's final compensation. All of the basic contributions made by the member during his lifetime will also be paid to the beneficiary. However, in the event a pension is payable to a survivor, this insurance benefit and the payment of the member's contributions is waived in lieu of such pension, although the value of the insurance and the member's contributions establishes a minimum to be distributed under either benefit.

A member who retires is protected by a death benefit of 3/16 of his final compensation. This would be paid to the beneficiary designated by the retired member.

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

134.6 CONTRIBUTORY GROUP LIFE INSURANCE - All members of the former fund were given an option to continue contributory insurance coverage for an additional 1% of salary contribution. All new employees are compulsorily covered under the contributory program during their first year of membership in the system.

If death occurs while in service, the beneficiary will receive an additional 2 times the member's final compensation. During the first year of membership the benefit is computed at 2 times the member's annual rate of salary and maintenance. This insurance will be paid to a named beneficiary whether an annual pension is paid to a survivor or whether the non-contributory insurance benefit is paid. Members may cancel the contributory group life insurance coverage at any time after the first year of membership. Once canceled, however, it cannot be reinstated.

A member who retires is protected by an additional death benefit of 3/16 of the member's final compensation. This coverage is available to every member who is covered by the contributory insurance program during the last month of creditable service. No further premium payment for this coverage is required after retirement.

Those members who were insured under the former contract held by the Division of State Police prior to July 1, 1965, and who are also covered by the contributory insurance program at retirement, may elect, at retirement, to make additional contributions to purchase coverage constituting the difference in benefits equivalent to those provided under the former contract for retired members and that provided under the present plan.

134.7 GROUP LIFE INSURANCE, CONDITIONS AND PAYMENTS -
The non-contributory and contributory group life insurance plans protect the member for 93 days while on official leave of absence without pay. While on such official leave without pay, the member must arrange with the system to make payments for such coverage.

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

The death benefits under the group life insurance plans may be designated to be paid in:

- (a) Lump sum - where provision is made for lump sum payment of benefits, the beneficiary may elect to receive them in installments or as a life annuity instead.
- (b) Installments for a certain period of time - should the beneficiary die before all the payments have been made, the remaining value will be paid in a lump sum to the beneficiary's estate.
- (c) Life annuity - the value of the annuity will be determined by the benefit amount and the life expectancy of the beneficiary; payment will cease at the death of the beneficiary.

134.8 BENEFICIARY DESIGNATION - A member may file and alter from time to time the designation of beneficiary or beneficiaries he wishes to receive the benefits of the program. A member may name any person, institution, trust or his estate as primary or contingent beneficiary. He may also designate and change from time to time the method he wishes to apply to such payment. All designations and elections must be on forms provided by the system and filed with it.

134.9 WITHDRAWALS AND LOANS - A member who resigns, is dismissed, or for some reason terminates his employment before qualifying for a benefit, receives the total of his contributions made to the system. This return would not include premiums for contributory insurance coverage.

Part I of the Withdrawal Application is completed by the member. Part II requires a certification by the Certifying Agent. Checks are prepared and forwarded to the Cash Control Section with a voucher and mailed by that section to the withdrawing member.

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

A member may borrow from the system if he has at least 3 years of contributing membership credit, be under age 55 and repay such loan before reaching age 55, repaying such loan at 4% interest, do not make more than two loans in any one calendar year and be actively employed when the application for the loan is filed. A member may borrow amounts from \$50 up to 1/2 of his aggregate contributions; payments will be deducted from his pay and cannot exceed 25% of his salary. Payments must equal the member's full normal pension deduction. Any amount unpaid at retirement is deductible from any other benefit. Please see section 29 regarding the loan procedure applicable to all systems.

134.91 WITHDRAWAL APPLICATION (Green colored)

SP-25-1-1265

P.O. BOX 2058
TRENTON, N.J. 08625

STATE POLICE RETIREMENT SYSTEM
OF NEW JERSEY
APPLICATION FOR WITHDRAWAL

PART 1 (TO BE COMPLETED BY MEMBER)

I, _____, Membership No. _____
(Print full name)

(resigned), (was dismissed) _____ from my position as _____ in the
(Other)

New Jersey State Police on the _____ day of _____ 19 _____.

In accordance with the provisions of Chapter 89, P.L. 1965, I hereby apply for the return of the salary deductions which have been credited to my account. In consideration of the return of such amount, I hereby waive for myself, my heirs and assigns, all my right, title and interest in any and all funds under the care and control of the State Police Retirement System of New Jersey.

State of _____ }
County of _____ } ss
Signature _____
Address to which check is to be mailed _____

Sworn and subscribed before me this _____ day of _____, 19 _____.

Signature of Notary or Commissioner of Deeds _____
Official Title _____
If you have an Official Seal, Affix it

PART 2 CERTIFICATION OF EMPLOYING AGENCY

Certifying Agent: In order to avoid delay in honoring this withdrawal claim, your certification will be used to calculate the payment due. You, therefore, should not execute and return this form until the last deduction from salary has been made.

I hereby certify that _____ (resigned, (was dismissed) _____ (OTHER)

from this Division on _____ (DATE OF SEPARATION) Last salary deduction was made for the month

of _____ (MONTH) _____ (YEAR) and he is no longer employed by the New Jersey State Police.

NOTE: IF THIS MEMBER IS A PARTICIPANT IN THE SUPPLEMENTAL ANNUITY COLLECTIVE TRUST AND IS WITHDRAWING ALL ACCUMULATED SALARY DEDUCTIONS IN THE RETIREMENT SYSTEM, A SEPARATE "APPLICATION FOR WITHDRAWAL FROM S.A.C.T." MUST BE SUBMITTED TO WITHDRAW FROM THE SUPPLEMENTAL ANNUITY COLLECTIVE TRUST.

I further certify that the following deductions have been made from his salary during the last three quarterly periods (including the current quarter):
(SEE QUARTERLY REPORT OF CONTRIBUTION)

QUARTER ENDING	BASE SALARY SUBJECT TO CONTRIB THIS QUARTER	FULL RATE	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL PENSION DEDUCTIONS	SUPPLEMENTAL ANNUITY	
					NO.	AMOUNT			% RATE	\$ AMOUNT

DATE

SIGNATURE OF CERTIFYING AGENT

TITLE

PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETION

1/1/67, TL #24

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

135. RETIREMENT BENEFITS - Applications for service retirement, whether they be for age and service, early retirement or for deferred retirement, and applications for accidental or ordinary disability are presented to the Board of Trustees for approval. After approval a number is assigned and the appropriate benefit is calculated. The information relating to the benefit is given to the Disbursement Section where the item is entered on the pension payroll. In the benefits discussed below, the effort, again, was made to preserve the rights of members of the former fund and this accounts for some differences in the formulas employed for retirement for age and service.
- 135.1 RETIREMENT FOR AGE AND SERVICE - A member, who was a member of the former fund, may retire at age 50 after the completion of at least 20 years of creditable service. The amount of the pension will be 50% of the member's final compensation. For each year in excess of 25 years of creditable service, the member will receive an additional 1% of such final compensation. A member must retire after 25 years of service and the attainment of age 55.
- A member, who was employed since July 1, 1965, may retire at age 55; no minimum service requirement must be established. The amount of the pension will be equal to 2% of the member's final compensation for each year of service up to 25 years, plus 1% for each year of creditable service in excess of 25. The member may be retained after age 55 at his option and at the request of the Superintendent of State Police and the concurrence of the Attorney General. Retirement is compulsory at age 65.
- 135.2 EARLY AND DEFERRED RETIREMENT - Early retirement is permitted for members who have 25 or more years of creditable service and who leave the State Police before attaining the normal retirement age of 55. The regular service retirement formula would apply, but a reduction would be made for each month that the member lacks of being age 55.

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

135.2 contd. Deferred retirement is available to any member who has established 25 or more years of creditable service in the system and who has not attained the normal retirement age of 55 at the time he leaves the State Police. Benefits will be deferred until the member reaches age 55; the regular retirement formula will apply. The member who vests can not withdraw his contributions from the system; if he did, he would forgo the payment of his deferred pension. If death occurs before the attainment of age 55, all that is payable is a return of the member's contributions.

STATE OF NEW JERSEY-DIVISION OF PENSIONS
STATE POLICE RETIREMENT SYSTEM
APPLICATION FOR RETIREMENT

To the Board of Trustees:

I, _____, Register # _____

hereby make application to the Board of Trustees, State Police Retirement System of New Jersey for service retirement under the provisions of Chapter 89, P.L. 1965.

I request that this retirement become effective as of the first day of _____
MONTH YEAR

POST-RETIREMENT INSURANCE:

I do

elect to continue the post-retirement contributory group life insurance coverage

I do not

available to me through the group insurance policy of the State Police Retirement System and hereby authorize withholding and payment of necessary premium according to this election.

DESIGNATION OF BENEFICIARY:

I hereby designate the below named person as beneficiary to receive all post-retirement insurance benefits provided under Chapter 89, P.L. 1965, as amended and supplemented.

Full name of beneficiary _____

Address of beneficiary _____

Beneficiary birthdate _____ Relationship of beneficiary to member
(if any) _____

Marital status of applicant _____ (single, married, divorced)

Name of wife if married _____ born _____

Children under age 18 years _____ born _____

_____ born _____

SIGNATURE OF APPLICANT

DATE

BY THE SUPERINTENDENT, DIVISION OF STATE POLICE (or authorized representative)

This will certify that the records of this Division indicate that _____
was appointed to the service of the New Jersey State Police on _____ and has served
without interruption of such service to the date of requested retirement. This application is the act of this applicant and his
signature hereon is his act and deed.

SIGNATURE OF OFFICIAL

TITLE

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

- 135.4 ACCIDENTAL DISABILITY RETIREMENT - A member who becomes permanently and totally disabled as a direct result of a traumatic event occurring during and as a result of his performance of regular or assigned duty and not as a result of his willful negligence, and is mentally or physically incapacitated for the performance of any other available duty that the Superintendent of the State Police is willing to assign to him, may retire or be retired on an accidental disability retirement. The amount of the retirement benefit is equal to 2/3 of his final compensation, plus an annuity which will be the actuarial equivalent of the member's pension contributions. Such application for accidental disability must be filed within 5 years of the accident, but unusual circumstances of delayed manifestation or circumstances of continued, restricted employment may be considered by the Board of Trustees.
- 135.5 ORDINARY DISABILITY RETIREMENT - A member who has at least 4 years of creditable service and who becomes mentally or physically incapacitated for the performance of his usual duty and of any other duty made available to him by the Superintendent of the State Police, and such incapacity results in his total and permanent disability for causes other than an accident while on duty, may retire or be retired on an ordinary disability retirement. The amount of the pension is subject to a minimum benefit equal to 40% of the member's final compensation. If the member's years of creditable service, as multiplied by $1\frac{1}{2}\%$ of final compensation for each such year, exceeds the minimum, a larger benefit will be payable.
- 135.6 APPLICATIONS FOR DISABILITY RETIREMENT - Special application forms are required for disability retirement, a two-part form for ordinary disability and a four-part form for accidental disability as illustrated below:

POLICE AND FIREMEN PENSION FUNDS BUREAU
STATE POLICE RETIREMENT SYSTEM

- (a) PART I - Basic application form upon which the employee enters identifying data, indicates his request for either ordinary or accidental disability, stipulates the effective date, designates beneficiary and affixes his signature. The application requires a notary's signature and seal. In accord with Attorney General's ruling, the application also includes a printed statement advising that the applicant for accidental disability benefits will be retired on ordinary disability, if eligible, should the Board of Trustees deny the original application but find that the member is indeed disabled.
- (b) PART II (Reverse side of Part I) - Employer's certification of disability which also requires a history of the member's absences due to illness during the two-years preceding retirement, both with and without pay. A statement outlining the duties applicable to the member's position is provided, and the fact that ordinary disability will be granted if accidental disability is disapproved, is reiterated.
- (c) PART III - This form is required only for accidental disability claims, and is the applicant's personal statement supporting such claim. The employee must itemize his position, time, date and place of the accident, and furnish a detailed description of the accident, injuries incurred, any periods of hospitalization and absence from work due to such accident. He is required to advise if the application is voluntary and if an application for Workmen's Compensation has been or is scheduled to be filed. A notarized signature is required on this form.
- (d) PART IV (Reverse side of Part III) - This form is required only for accidental disability claims, and is the employer's certification concerning the accident. Information regarding the time, date and place of the occurrence is required, a statement of the duties being performed at the time of the accident must be added and the employer must certify whether or not the accident was the result of willful negligence, and if they feel that the employee is totally and permanently incapacitated for further performance of his duties.

STATE POLICE RETIREMENT SYSTEM
STATE OF NEW JERSEY
APPLICATION FOR DISABILITY RETIREMENT

NOTES
1. Employer must complete reverse side of this form.
2. Medical report of your personal physician must be filed with application.
3. If your disability necessitated hospitalization, arrange with hospital to forward transcript of hospital records directly to Disability Review Section, Division of Pensions, 137 East State Street, Trenton, New Jersey 08625.
4. For explanatory information see booklet, "State Police Retirement System".

PART I - (To be completed by applicant)

1. Name of Applicant _____ 2. Membership No. _____
(print or type full name)

3. Mailing Address _____

4. Employer _____

5. Position _____ 6. Date of Birth _____
(month-day-year)

7. I do hereby apply for: Ordinary Disability Retirement
* Accidental Disability Retirement

*Applicants for Accident Disability must also submit Parts III and IV of "Application for Disability Retirement" form. Please note that an applicant for accident disability will be retired on an ordinary disability retirement allowance, provided he meets the service qualifications for such retirement, if the Board of Trustees of the State Police Retirement System finds that he is totally and permanently disabled but that his disability is not the direct result of a traumatic event occurring during, and as a result of, the performance of his regular or assigned duties.

8. Because of the following disability, I hereby certify, and swear or affirm, that I am presently unable to perform the duties of my employment. (State the symptoms of your disability, not necessarily in medical terminology, which render you unable to perform your duties):

9. Retirement benefits to become effective on the first day of _____, 19 ____.

10. Designation of beneficiary for any benefits due after my death if he or she survives me, otherwise to the executor or administrator of my estate: This designation shall apply only after my retirement has become effective.

Name of Beneficiary _____
(first) (middle) (last)

Address _____
(street and number) (city) (state)

(sex) (relationship to me) (birth: month-day-year)

State of _____ ss _____
County of _____ Signature of Applicant

Sworn and subscribed before me this _____ day of _____, 19 ____.
If you have an Official Seal, Affix It

Signature of Notary _____

Official Title _____

STATE POLICE RETIREMENT SYSTEM
CERTIFICATION OF EMPLOYER

PART II - (To be completed by employer)

This is to certify that _____, _____
(member) (position)

_____ incapacitated for the
(is) (is not) (physically) (mentally)

continued performance of duty and _____ be retired on the basis of the
(should) (should not)

attached report of our physician.

A record of the member's absences, due to illness, in the past two years with pay and without pay is as follows:

Dates	Indicate whether With or Without Pay
_____ to _____	_____
_____ to _____	_____
_____ to _____	_____
_____ to _____	_____
_____ to _____	_____

The member last reported for work on _____

If member is now on an official leave of absence due to illness, indicate inclusive dates of leave

The duties of the member's position are:

The employer fully understands that an applicant for accident disability will be retired on an ordinary disability retirement allowance, provided he meets the service qualifications for such retirement, if the Board of Trustees of the State Police Retirement System finds that he is totally and permanently disabled but that his disability is not the direct result of a traumatic event occurring during, and as a result of, the performance of his regular or assigned duties.

Signature of Superintendent (State Police)

Date

The following must accompany this application:

1. "Certification of Service and Final Salary" form.
2. Report of medical examination of applicant's physician.

STATE POLICE RETIREMENT SYSTEM
STATE OF NEW JERSEY
APPLICATION FOR DISABILITY RETIREMENT

PART III - (To be completed by applicant)

APPLICANT'S STATEMENT SUPPORTING CLAIM FOR ACCIDENTAL DISABILITY RETIREMENT ALLOWANCE

I declare that I am incapacitated for further service as a _____ as a result of a
(position)
traumatic event which occurred while I was performing my duties at _____ on
(time)
_____ at _____
(date) (place)

1. Describe the traumatic event (*accident*) in detail, including description of injuries received by you:

2. Periods of hospitalization arising from traumatic event _____

3. Periods of absence from duties due to traumatic event (*include leave with pay*) _____

4. Have you performed regular duty since the traumatic event? _____

5. Is this a voluntary application for Disability Retirement? _____

6. Has a claim been filed or will a claim be filed for Workmen's Compensation? _____

What compensation has been awarded? _____

Date award was made? _____

I hereby certify that I fully understand that I will be retired on an ordinary disability retirement allowance, provided I meet the service qualifications for such retirement, if the Board of Trustees of the State Police Retirement System finds that I am totally and permanently disabled but that my disability is not the direct result of a traumatic event occurring during, and as a result of, the performance of my regular or assigned duties.

State of _____ ss
County of _____

Signature of Applicant

Sworn and subscribed before me this _____ day of _____, 19 _____

If you have an Official Seal,
Affix it

Signature of Notary _____

Official Title _____

STATE POLICE RETIREMENT SYSTEM
CERTIFICATION OF EMPLOYER

PART IV - (To be completed by employer)

I hereby certify that the records of this office show that:

1. _____ was injured in the performance of his duties

Name of Applicant

on _____ at _____ at _____

date
place
time

2. He was performing the following duties at the time of the traumatic event which was described by the applicant in item 1, Part III of this application.

3. The traumatic event was/was not the result of his willful negligence.

I further certify that, to the best of my knowledge and belief:

1. The aforementioned traumatic event is the natural and proximate cause of the disability.
2. The applicant is totally and permanently physically/mentally incapacitated for the continued performance of duty and should be retired on an accident disability retirement benefit.
3. The employer fully understands that the applicant will be retired by the Board of Trustees of the Retirement System on an ordinary disability benefit, provided he meets the service qualifications for such allowance, if it determines that he is totally and permanently disabled but that such disability is not the direct result of a traumatic event occurring during, and as a result of, the performance of his regular or assigned duties.

Signature: _____

Superintendent of State Police

Date

Attached are employer copies of accident reports.

POLICE AND FIREMEN PENSION FUNDS BUREAU
PRISON OFFICERS' PENSION FUND

136. PRISON OFFICERS' PENSION FUND, INTRODUCTION - Chapter 220 of the Laws of 1941 established the State Prison Officers' Pension Fund, permitting prison officer members of the then State Employees' Retirement System to transfer to the new Fund.

This legislation was prompted by the nature of the work performed which was considered comparable to that of the State Police or police and firemen employed by municipalities throughout the State.

- 136.11 COVERAGE - A Prison Officer is defined as any prison officer, reformatory officer, farmer guard, disciplinarian, identification prison officer, center keeper, marshal, superintendent, chief deputy, head farmer, herdsman, truck farmer, commissary officer, any uniformed officer, trade instructor, and any employee who has the custody of inmates in State penal institutions and appointed prior to January 1, 1960.

Since January 1, 1960, this Fund has been closed to new employees so that all new employees are enrolled in the Public Employees' Retirement System.

- 136.12 COVERAGE, INSTITUTIONS - Members of the Fund are employed in six institutions located throughout the State. They are Trenton State Prison, Bordentown Reformatory, Annandale Reformatory, Leesburg Prison Farm, Rahway Prison Farm and Trenton State Hospital.

- 136.21 CONTRIBUTIONS, PAYROLL REPORTS - Each payroll period the employing institution sends a statement to the Secretary of the Fund concerning the following payroll changes: Changes in salary, title or value of maintenance--effective dates; transfers--effective dates; suspensions--effective dates, number of days, amount due; leaves of absence without pay, effective dates, date of return; prospective retirement--effective dates; adjustments--effective dates, amounts due; supplemental payrolls; salary checks returned. All changes are posted to the members' ledger cards.

POLICE AND FIREMEN PENSION FUNDS BUREAU
PRISON OFFICERS' PENSION FUND

136.22 CONTRIBUTIONS, QUARTERLY REPORTS - Tabulating cards are received from the State Centralized Payroll System by the Machine Section of the Accounting Bureau. These cards are processed in order to verify that the amount of contributions equal the amount of receipts for that period. The quarterly report is forwarded to the Accounting Bureau from State Central Payroll. The report indicates the payroll period, payroll number, employee number, pay period number, membership number, percent rate, the actual salary for the bi-weekly pay period, the normal contribution, the arrears payment and the total contribution. This information is summarized for each member for the number of pay periods in the quarter. The amount of the member's contributions is posted to the member's ledger card which is maintained in the files of the Fund.

136.3 BOOKKEEPING - With respect to Cash Receipts, the returned checks, interest on investments, and the bi-weekly employee contribution checks received from the State Centralized Payroll System are deposited; all checks are individually listed in the Cash Book. Bond maturities and interest on investments are actually received and deposited by the bank.

With respect to Cash Disbursements, in the case of a contribution refund or the return of the member's contribution upon withdrawal, entries are made in the Cash Disbursement Book as well as on the member's ledger card. Investment purchases are recorded in the Cash Book indicating a full description of the purchase, such as the par amount, the payee, the check number, the date of maturity, coupon price or yield, premium and discount. Pension payments are recorded on the first of every month. Journal entries record all entries for amortization of securities, accrual of discount, and fines and penalties in the General Journal and are posted to the appropriate ledger accounts. The books are closed monthly and financial statements are prepared.

136.4 INVESTMENTS - The Commission authorizes the Secretary to the Fund to invest in securities. The Secretary sends a cash release to the State Division of Investment notifying them of this authorization. Funds are transferred to the investment account in preparation for the investment.

The investment proposal is received from the Director of the State Division of Investment and forwarded to the Commission members for acceptance or rejection. Upon acceptance the investment check is drawn to purchase the securities. The bank notifies the Secretary noting that the check was received and used to take delivery of the investment.

POLICE AND FIREMEN PENSION FUNDS BUREAU
PRISON OFFICERS' PENSION FUND

- 136.5 PENSION PAYROLL - The payroll is prepared in duplicate by the Machine Section of the Accounting Bureau. The original copy is for the payroll record book; the carbon copy is retained as a work sheet in the preparation of the following month's payroll. All changes are recorded on the carbon copy except changes of address which are recorded on a separate form.

There are retired members for whom deductions are taken for group hospitalization, medical-surgical or major medical plans. Such deductions are forwarded by check accompanied by a summary report of the premium due to the plans.

- 136.61 CLAIMS, WITHDRAWALS - Applications for withdrawals are completed by the resigning member and certified by the Business Manager of the institution where the member was employed. Upon approval of the withdrawal by the Commission, a check is prepared for the amount of the withdrawal as recorded on the member's ledger card, and as certified by the employer on the application for withdrawal.

- 136.62 CLAIMS, DEATH BENEFITS - Upon notice of a member's death, the Secretary requests the widow to complete an application for any death benefits payable, certifying to her age and the ages of any children. Marriage and death certificates are requested.

The claim is presented to the Commission for approval. Children or dependent parents may be eligible for benefits if there is no eligible widow.

- 136.71 RETIREMENT FOR AGE AND SERVICE - Retirement applications are processed by the Secretary's office. Birth and marriage certificates should be attached to the application. After approval by the Commission, the name of the retired member is recorded in the retirement register and assigned a retirement number.

A retirement statement is prepared forwarding copies to the member, to the Civil Service Commission and to the employing institution. The pension is effective on the date of retirement and checks may be drawn for any partial monthly payment due to a retirant. The information concerning the new retirant is then entered on the pension payroll.

POLICE AND FIREMEN PENSION FUNDS BUREAU
PRISON OFFICERS' PENSION FUND

136.72 RETIREMENT FOR DISABILITY - The procedure outlined above for a service retirement is followed. However, the following additional procedure is required to establish medical evidence to qualify an applicant and to support a claim for disability retirement.

The disability retirement application and a report of the applicant's personal physician are forwarded to the Disability Review Section of the Division. The Disability Review Section processes the application in the same manner as all disability claims of the several State pension funds (See section 35).

The Secretary notifies the applicant of the Commission's approval or of his right to request a hearing if the application is denied.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

137. INTRODUCTION - Prior to July 1, 1944, there was no State-administered retirement system for policemen and firemen but rather locally-administered programs by counties and municipalities which adopted the provisions of Chapter 160 of the Laws of 1920. When it became apparent that the 1920 legislation had not established sound plans, membership was closed to new employees, who were to be enrolled effective July 1, 1944, in the State-administered Police and Firemen's Retirement System. By 1952 the problems confronting the local systems had become almost insurmountable. The remaining assets, if any, memberships and existing liabilities were transferred to a new State-administered program, the Consolidated Police and Firemen's Pension Fund, established by Chapter 358 of the Laws of 1952. As a result of this consolidation, 212 local funds were combined, the liabilities actuarially determined and provisions made for the funding by the participating counties and municipalities of two-thirds of the accrued liability with the State paying one-third of such liability. In addition the counties and municipalities were required to make the normal contribution which was increased along with an increase in the member's contribution. The pensions paid to members and their beneficiaries under terms of the 1920 legislation became the liability of the consolidated plan. It was only in this way that the local funds could be financially rescued and the benefits payable to present and prospective retirants and their beneficiaries assured.
138. ENROLLMENT - No new members were enrolled after the establishment of the Police and Firemen's Retirement System in 1944. The membership of the local funds acting under terms of the 1920 legislation were transferred to the Consolidated Fund as a result of the 1952 statute. Membership, in effect, was fixed as a result of the transfer of the records from the 212 employing units to the State.
- 138.1 BENEFICIARIES - The benefit structure of the Consolidated Police and Firemen's Pension Fund is such that specific benefits are payable to certain beneficiaries, such as widows, minor children and dependent parents. There is therefore very little need for the identification of beneficiaries in this system as it might otherwise be in the case of systems which permit payment of benefits to any named beneficiary.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

- 138.2 EMPLOYEE RATE OF CONTRIBUTION - Unlike most other State-administered retirement programs, the rate of contribution for the membership of the Consolidated Fund is a uniform one expressed as a percentage of salary. This is currently 6% of salary and is applied to gross base salary, excluding bonus, maintenance or any other allowance.
139. CONTRIBUTIONS AND ACCOUNTING - The total of the pension contributions taken is forwarded monthly to the Division of Pensions by each covered employer using the monthly report of contributions form. This form is initially prepared by the Division of Pensions based on the report filed by the employer for the previous month. Such report is forwarded to the municipality for adjustment and returned. Following the audit of the report by the Police and Firemen's Pension Funds Bureau, the individual accounts are up-dated for the month. The records thereby established serve as the basis for processing retirements and death benefit claims.
- 139.1 BOOKKEEPING AND INVESTMENT - The Consolidated Police and Firemen's Pension Fund maintains its depository and custodial accounts with a selected bank within the State.

As in all systems, the daily bank balance is furnished with a statement of cash available for investment. Such statement is prepared by the Secretary by anticipating receipts (such as employee and employer contributions, interest payments and maturities) and disbursements (such as the pension payroll) as well as a reasonable working balance necessary to meet the current needs of the Fund.

The Division of Investment is thereby advised of any sums available for investment and that Division makes recommendations for investment to be confirmed by action of the Commission of the pension fund. Bills itemizing the investment purchase are forwarded to the Secretary who prepares a check and forwards the check and the covering voucher to the Cash Control Section of the State. This section delivers the check to the Division of Investment which arranges for the delivery of the security to the custodial bank. The bank then advises the fund that the security has been received and that the fund's account has been credited.

Each month the bookkeeper of the fund prepares statements indicating the position of the various funds in the form of a statement of income and disbursement and a balance sheet. All the accounts are patterned after the proper methods of accounting and procedures prescribed for all pension funds administered by the Division of Pensions.

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

- 139.2 ACTUARIAL - Data stored on the tabulating card records maintained by the Division of Pensions is annually supplied to the consulting actuary. Each year the actuary's report results in an annual valuation of the assets and liabilities of the fund and reflects the amortization of the non-funded liabilities of the system. Periodic studies by the actuary review the tables used by the fund in financing its commitments, with recommendations for adjustments in the tables where such is deemed necessary.
140. RETIREMENT BENEFITS - Applications for service retirement and applications for accidental or ordinary disability are presented to the Commission for approval. After approval a number is assigned and the appropriate benefit is calculated. The information related to the benefit is given to the Disbursement Section where the item is entered on the pension payroll.
- 140.1 RETIREMENT FOR AGE AND SERVICE - A member may retire at age 51 after 25 years of service. The amount of the pension will be equal to 50% of the member's final average compensation plus 1% for each year of creditable service in excess of 25 years. Retirement is compulsory for active members at age 65 except that Chiefs may be continued by employer action to age 70; where the Chief is continued, his benefits will reflect any change in salary but he will not receive credit for any years of service beyond age 65. Retirement is mandatory for employee members at age 70.

CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND COMMISSION OF THE STATE OF NEW JERSEY

P.O. Box 2058

Trenton, N.J. 08625

DEPARTMENT OF THE TREASURY

DIVISION OF PENSIONS

APPLICATION FOR AGE AND SERVICE RETIREMENT

To the Consolidated Commission:

I, _____ Reg. No. _____ (print full name)

a _____ employed by _____, having served the (official title) (municipality)

required number of years and having attained the required age as defined in the Revised Statutes of New Jersey 43:16-1., hereby request the Consolidated Police and Firemen's Pension Fund Commission to consider this application for an age and service retirement.

I desire that this retirement become effective as of _____, 19_____.

Marital Status _____ If you have children under age 18 yrs. list the date of birth of each. (single, married, widower or divorced)

Applicant's date of birth _____ 19_____ If you have parents living, give dates of birth. _____

(complete signature of applicant)

(complete mailing address)

Date of this application _____, 19_____

A CERTIFICATION BY THE CHIEF FISCAL OFFICER OF THE EMPLOYING MUNICIPALITY

On the _____ day of _____, 19_____, the above named applicant appeared before me and executed the foregoing instrument. The applicant is correctly identified by his membership register and by his signature.

The last deduction from the salary of this employee and forwarded (or to be forwarded) to the office of the CONSOLIDATED POLICE & FIREMEN'S PENSION FUND Commission was or will be for the month of _____, 19_____. The salary of this employee will terminate on _____, 19_____.

The records of this department indicate that this employee has been in the continuous employ of this municipality as a _____ since _____, 19_____, and has been subject to the required pension deductions since that time.

The employee has rendered honorable service during his employment and at the time of this application is a member of this department and is not under departmental charges, indictment or similar action.

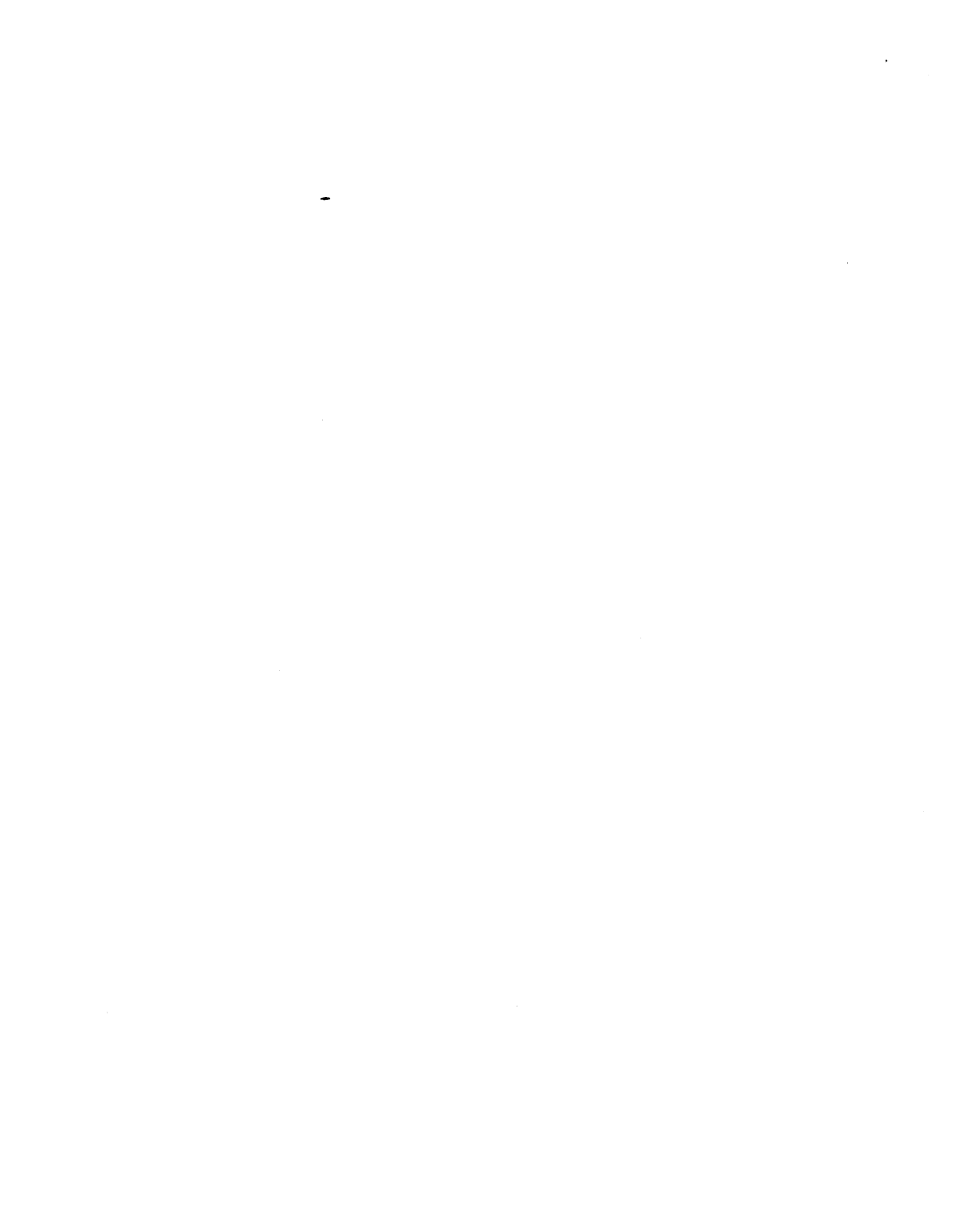
If you have an official seal, please affix the same.

(Signature of Chief Fiscal Officer)

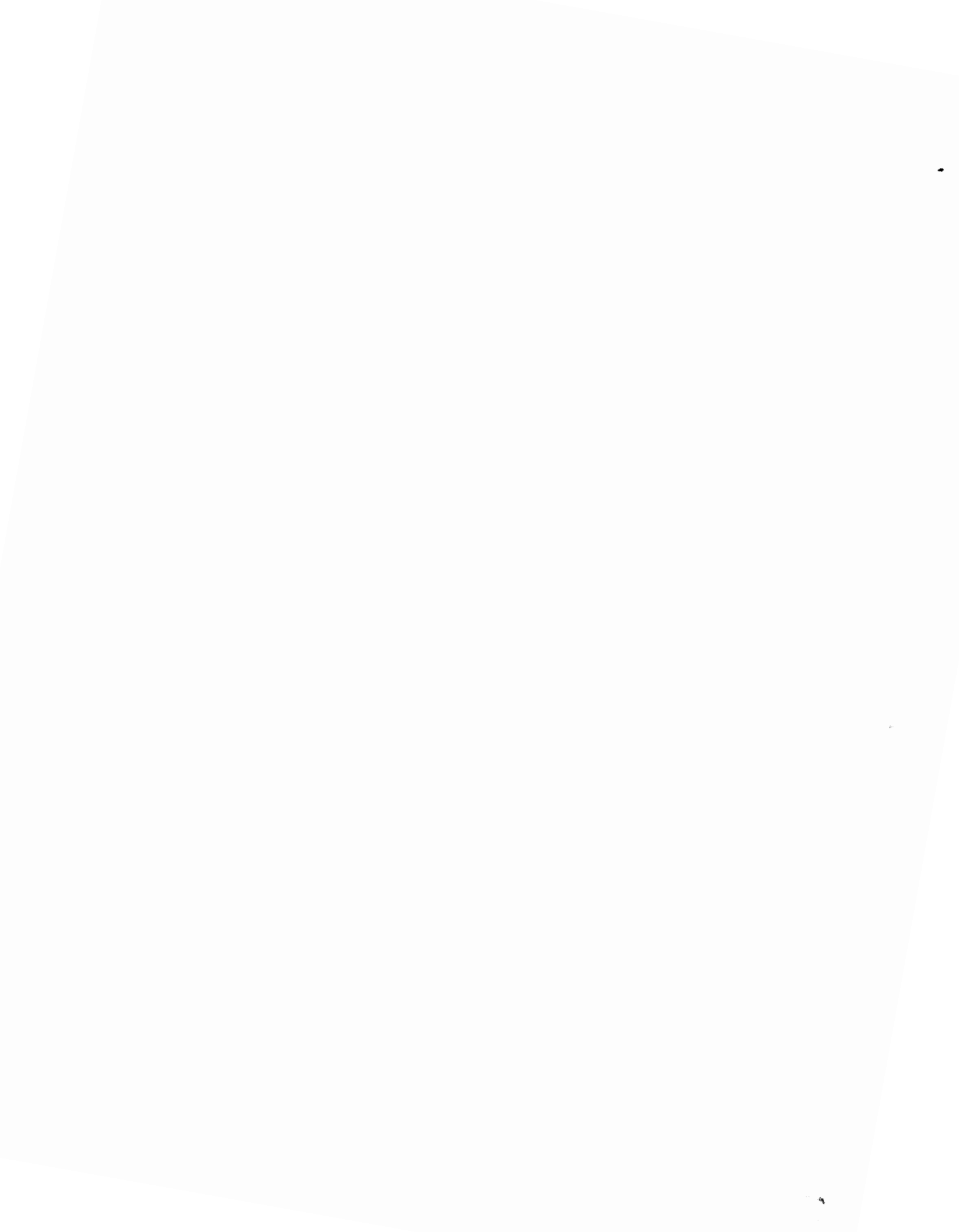
(Title)

POLICE AND FIREMEN'S PENSION FUNDS BUREAU
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

- 140.3 ACCIDENTAL DISABILITY RETIREMENT - A member who becomes permanently and totally disabled as a direct result of a traumatic event occurring during and as a result of his performance of regular or assigned duty and not as a result of his willful negligence, and is mentally and physically incapacitated for the performance of any other available duty which his employer is willing to assign to him, may retire or be retired on an accidental disability retirement. The amount of the retirement benefit is equal to two-thirds of his final average compensation. Such application for accidental disability must be filed within 5 years of the accident, but unusual circumstances of delayed manifestation or other circumstances beyond the control of the member may be considered by the Commission.
- 140.4 ORDINARY DISABILITY RETIREMENT - A member who becomes mentally or physically incapacitated for the performance of his usual duty or any other available duty to which his employer is willing to assign him, may retire or be retired on an ordinary disability retirement. The amount of the pension is equal to 50% of his final average compensation.
- 140.5 APPLICATION FOR DISABILITY RETIREMENT - Special application forms are required for disability retirement, a two-part form for ordinary disability and a four-part form for accidental disability. These forms are fairly similar to those employed in the other retirement programs administered by the Division of Pensions as discussed, for example, in section 130.6 pertaining to the Police and Firemen's Retirement System.



Supplement



SUPPLEMENT NO. 1

- A) Reporting Social Security taxes and pension deductions in 1960
- B) County Meetings, September, 1959

A) Chapter 84, P.L. 1954 and Chapter 37, P.L. 1955, the statutes affecting the Public Employees' Retirement System and Teachers' Pension and Annuity Fund, provide that after 1959 any change in the rate of contribution for Social Security shall result in a corresponding change in the amount of contributions payable by the members. In 1954-55 the Federal Act did not contemplate any change in the Social Security tax rate until 1960 but taxes were increased from 2% of the first \$4200 of wages paid in 1955 to 2½% of \$4200 in 1956 and to 2¾% of \$4800 in 1959. The employer had to match the employee's contribution. In 1960 the Social Security tax will be raised to 3% of \$4800, increasing the employee and employer contributions for Social Security once more.

However, in the past, any increase in the Social Security rate was reflected as an additional reduction from the monies that the member of the integrated retirement systems had to pay for pension purposes. In effect, in 1955, if the member's full rate of contribution was 6% of salary, his pension payments were reduced by an amount equal to 2% of \$4200 of base salary. In 1956, when the Social Security rate was increased by an additional ½% the net amount payable to the retirement program was further decreased, thus reflecting the increase in Social Security. The same thing was true in 1959 with the increase in the rate of tax as well as the amount of wages covered by Social Security. In 1960 the Social Security tax will increase again but the amount of the increase will not be absorbed by the member's contribution to the retirement systems.

For example, given below is the illustration of a 12-month member whose full pension rate is 6% and who earns a base salary of \$6000 in each of the calendar years 1959 and 1960. The example demonstrates that the individual's contribution to the retirement systems has not changed but his contribution to Social Security has increased.

Months	Base Salary and Wages Paid	1959 Payments		1960 Payments	
		Pension Deductions	Social Security	Pension Deduction	Social Security
January	\$500	\$17.50	\$12.50	\$17.50	\$15.00
February	\$500	\$17.50	\$12.50	\$17.50	\$15.00
March	\$500	\$17.50	\$12.50	\$17.50	\$15.00
April	\$500	\$17.50	\$12.50	\$17.50	\$15.00
May	\$500	\$17.50	\$12.50	\$17.50	\$15.00
June	\$500	\$17.50	\$12.50	\$17.50	\$15.00
July	\$500	\$17.50	\$12.50	\$17.50	\$15.00
August	\$500	\$17.50	\$12.50	\$17.50	\$15.00
September	\$500	\$17.50	\$12.50	\$17.50	\$15.00
October	\$500	\$22.50	\$7.50	\$22.50	\$9.00
November	\$500	\$30.00	_____	\$30.00	_____
December	\$500	\$30.00	_____	\$30.00	_____
	<u>\$6000</u>	<u>\$240.00</u>	<u>\$120.00</u>	<u>\$240.00</u>	<u>\$144.00</u>
		(6/1 x \$6000 minus 2 1/2% x \$4800)	(2 1/2 x \$4800)	(6/1 x \$6000 minus 2 1/2% x \$4800)	(3/4 x \$4800)

Although this Division has stressed the importance of separately computing the Social Security tax and the pension deduction, many employers have not followed this advice in that there was never any difference among their employees between base salary earned and reported to the retirement system and wages paid and reported to the Social Security Agency. However, in 1960, the separate calculations of the tax and the pension deduction becomes a mandatory matter in that it will no longer be possible to reduce the full pension contribution by the Social Security tax as the reduction permitted by law is limited to the reduction in effect prior to January, 1960. Any increase in the Social Security tax after 1959 must be reflected as an additional cost to the employee member.

D) It is appreciated that this memorandum may not answer all of the questions concerning the change in 1960. The Division, therefore, has arranged for meetings to be held in every county in the State so that employers can have their specific questions answered. The schedule of these meetings is given below. These arrangements have been made at the earliest possible date in order to give employers time to make whatever payroll and bookkeeping changes as may be required.

SCHEDULE OF MEETINGS

All meetings will begin at 10:30 A.M. and should be concluded by 12:30.

<u>County</u>	<u>Date</u>	<u>Place</u>
Atlantic	September 16	Commission Chamber, City Hall Tennessee and Atlantic Avenues Atlantic City
Bergen	September 15	Little Theatre River Edge-Oradell Regional High School, Oradell
Burlington	September 29	Council Room, City Hall Burlington
Camden	September 23	City Commission Chamber, City Hall Camden
Cape May	September 14	Old Court House Cape May Court House
Cumberland	September 15	Freeholders Room, Court House Bridgeton
Essex	September 30	Newark Board of Education Fourth Floor Meeting Room 31 Green Street, Newark
Gloucester	September 21	Freeholders Room Court House, Woodbury
Hudson	September 21	Jersey City Board of Education Meeting Room 2 Harrison Avenue, Jersey City

<u>County</u>	<u>Date</u>	<u>Place</u>
Hunterdon	September 25	Freeholders Room, Second Floor Hall of Records (next to Court House), Flemington
Mercer	September 25	Commission Chamber City Hall, Trenton
Middlesex	September 16	Freeholders Meeting Room County Building New Brunswick
Monmouth	September 17	County Superintendent's Office Second Floor, 18 Covert Street Freehold
Morris	September 14	County Service Building West Manover Avenue, Morristown
Ocean	September 18	County Superintendent of Schools' Office, County Administration Building, Toms River
Passaic	September 22	Commission Meeting Room City Hall, Paterson
Salem	September 17	New Administration Building Market Street, Salem (adjacent to office of County Extension Service)
Somerset	September 22	Committee Room, Second Floor County Administration Building Bridge and High Street, Somerville
Sussex	September 30	County Service Building Meeting Room in Basement 18 Church Street, Newton
Union	September 28	Court House, Freeholders Room Elizabeth
Warren	September 29	Court House, Meeting Room Belvidere

A discussion of this change will take place at the annual meeting of the New Jersey School Business Officials' Association to be held on September 23 in the Benjamin West Room of the Haddon Hall Hotel in Atlantic City.

9-20-59, TL#2

SUPPLEMENT NO. 2

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- A) 1960 Social Security Amendments: Federal Legislation
- B) 1960 Social Security Amendments: State Legislation
- C) Insured Status Table (1960 Social Security Amendments)

A) The 1960 Amendments to the Federal Social Security Act will have an important effect on our integrated retirement programs. The most controversial of these changes involve the insured status provisions of the Federal law - those provisions which determine how long an individual must work in covered employment in order to be eligible for Federal Benefits, the number of quarters of coverage prescribed for each employee.

The 1960 Amendments provide that an individual will be fully insured if he has one quarter of coverage for every three elapsed quarters. Under the present Federal Act, insured status was generally based on one quarter for every two elapsed quarters. The Amendments retained the provision for a minimum of six quarters and for a fully insured status after 40 quarters of coverage.

The eligibility requirements under the Federal Act have been amended in order to liberalize such provisions and provide eligibility for benefits for thousands throughout the country, many of whom would not otherwise be eligible for such benefits. By establishing insured status on the basis of requiring one quarter for every three elapsed quarters rather than one quarter for every two elapsed quarters, the required quarters for many older employees were cut by about 1/3rd of what they were prior to the Amendments. The change is a significant one for members of our integrated systems as well as for employees who are members of similarly integrated programs throughout the country and for the members of most private pension plans who are also protected under integrated plans.

9-15-60, TL#5

What are the consequences of this change to members of our integrated systems? The effect varies as between the following categories of members:

- (1) Members who have already retired and have attained their 65th birthday.
- (2) Members who have retired and who have not attained their 65th birthday.
- (3) Members who have contemplated retirement in the next four years with the expectation that they could avoid the offset, based on the insured status provisions of the Act prior to the 1960 Amendments.
- (4) All other members.

For those who have retired and who attained their 65th birthday prior to the change, it has no effect. The Attorney General has held that the application of the offset is determined and calculated at age 65, or at the time of retirement, if the individual retires after his 65th birthday. If an individual retired and has already attained his 65th birthday, the offset was determined on the basis of the provisions of the Federal Act in effect at that time. If at that time the individual had avoided the offset, no offset will now be imposed.

Correspondingly, individuals who have already retired but who have not yet attained their 65th birthday, will be affected by this change in the Federal law if, on the basis of the new insured status provisions, they will be eligible for Federal benefits on the basis of public employment. Again, this determination is made at 65 and not at the time of retirement if the member retired before age 65. Consequently, in this second group of members there may be individuals who will still avoid the offset on the basis of the amended provisions of the Federal Act, because even under these new provisions, they still would not qualify for Federal benefits on the basis of the number of quarters of coverage they have secured in public employment. On the other hand, those individuals who retired from public employment just one or a few quarters short of obtaining the number of required quarters, will find that the reduction in these eligibility provisions makes them eligible for Federal benefits on the basis of public employment. In these cases the offset will be applicable at 65.

What we have said above for individuals who retired prior to their 65th birthday is fairly similar to what we have to say for those who are about to retire in the next few years. Many of these individuals will find that the change in the eligibility requirements will make them eligible for Federal benefits on the basis of their public employment. There will be others who may still be able

to avoid the offset by retiring prematurely at a relatively early age, most of them before age 60 on an early retirement benefit for which 25 years of service credit is required, or after 20 years of service on a deferred allowance with a benefit that is vested and not payable until age 60.

Finally, most members of the retirement systems who will work the 10 full years or 40 quarters before retirement will be subject to the offset as has always been the case under the Federal Act. Their status has not changed.

In conclusion, we have stressed the effect of these Amendments as they pertain to those who have retired or who are about to retire or who will retire in the future. We should also note that these amendments have an important effect on the payments of death benefits under the Federal law in that a fully insured status obtained by an employee might mean the payment of certain widow and widower benefits which would not otherwise have been payable. Moreover, a fully insured status is prescribed for the payment of Social Security disability benefits. These benefits are now payable at any age. For example, an individual who is disabled for service connected or non-service connected reasons and who is or is not eligible for a benefit from the retirement system, may find himself eligible for Federal disability benefits as the result of this liberalization of the Federal program. The amount of the disability benefit is the same as that payable at age 65 so that it is possible, for example, for a member who has incurred a service connected disability to be retired and receive a 2/3rds times salary pension payable by the retirement system, plus an annuity based on his own contributions, plus a Federal benefit paying as much as \$120.00 a month. In fact, if this individual is a young man with a wife and several children under the age of 18, the family might be eligible for as much as \$254.00 a month from Social Security in addition to the benefits payable by the retirement system.

B) The Governor and the State Legislature have acted with respect to the effect of the 1960 Social Security Amendments as they relate to members of our integrated retirement systems. As was the case in 1956 the policy is to protect those who have already retired with the expectation of avoiding the Social Security offset. Consequently, the acts which have been adopted for both integrated systems provide that the offset will not be made in the case of retired members who retired after August 1, 1956, and on or before October 1, 1960, and who at the time of their retirement had not attained a fully insured status under the provisions of the Social Security Act in effect prior to the 1960 amendments (as of December 31, 1959), provided that such members had filed application for retirement prior to September 1, 1960, and also provided that such members do not obtain additional quarters of coverage in public employment prior to the time when the offset is to be applied (at 65 or later at retirement). This group of retired members are primarily those that we have described above in group #2, members who have retired and who have not attained their 65th birthday.

This State legislation has had the effect of combining the last two categories of members in that the Governor and the Legislature found no jurisdiction to accord "double" benefits to those who had not retired when the Federal law was changed and who have the right to continue in public employment, to receive their salary and increments and to build up their eventual pension rights. Thus, those who expected to retire in the next four years in order to avoid the offset on the basis of the insured status provisions of the Federal Act prior to the 1960 Amendments, are in the same position as most other members of the systems, who upon retirement will receive a retirement allowance of which the pension portion will be offset by the Social Security benefit based on public employment.

We say "most other members" because it is still conceivable for an individual to avoid the offset on the basis of the insured status provisions of the Federal Act as provided by the 1960 Social Security Amendments. We wish to point out that as of this writing, September 15, 1960, twenty-three quarters have already elapsed since January 1955, the beginning date of our integrated programs. Therefore, the first group of individuals who might still be able to avoid the offset would be those men born in 1904 and women born in 1907 who need twenty-four quarters of coverage in order to be eligible for Federal benefits. (See attached insured status table.) Such individuals would have to terminate public employment at the end of the twenty-third quarter or before October 1, 1960 or before total wages in 1960 reached \$4,800, whichever occurred first. Thus men would have to be retired at age 56 and women at age 53, either on a reduced, early retirement benefit provided for those who have 25 years of service or on a deferred or vested benefit payable at age 60 provided for those with 20 years of service. We believe it is readily apparent that it is no longer economically feasible for most members to leave public employment prematurely in order to obtain the windfall Social Security benefits and avoid the offset.

We are confident that many members of our integrated systems have questions concerning the 1960 Social Security Amendments. We would be grateful if all inquiries would be directed to the Director, Division of Pensions, 137 East State Street, Trenton.

C) Insured Status Table (1960 Social Security Amendments)

MEN BORN	WOMEN BORN	ATTAIN SOCIAL SECURITY RETIREMENT AGE*	NO. OF QUARTERS REQUIRED FOR FULLY INSURED STATUS
Jan 1 1892 or earlier	Jan 1 1895 or earlier	1956 or earlier	6
Jan 2 1892 to Jan 1 1893	Jan 2 1895 to Jan 1 1896	1957	8
Jan 2 1893 to Jan 1 1894	Jan 2 1896 to Jan 1 1897	1958	9
Jan 2 1894 to Jan 1 1895	Jan 2 1897 to Jan 1 1898	1959	10
Jan 2 1895 to Jan 1 1896	Jan 2 1898 to Jan 1 1899	1960	12
Jan 2 1896 to Jan 1 1897	Jan 2 1899 to Jan 1 1900	1961	13
Jan 2 1897 to Jan 1 1898	Jan 2 1900 to Jan 1 1901	1962	14
Jan 2 1898 to Jan 1 1899	Jan 2 1901 to Jan 1 1902	1963	16
Jan 2 1899 to Jan 1 1900	Jan 2 1902 to Jan 1 1903	1964	17
Jan 2 1900 to Jan 1 1901	Jan 2 1903 to Jan 1 1904	1965	18
Jan 2 1901 to Jan 1 1902	Jan 2 1904 to Jan 1 1905	1966	20
Jan 2 1902 to Jan 1 1903	Jan 2 1905 to Jan 1 1906	1967	21
Jan 2 1903 to Jan 1 1904	Jan 2 1906 to Jan 1 1907	1968	22
Jan 2 1904 to Jan 1 1905	Jan 2 1907 to Jan 1 1908	1969	24
Jan 2 1905 to Jan 1 1906	Jan 2 1908 to Jan 1 1909	1970	25
Jan 2 1906 to Jan 1 1907	Jan 2 1909 to Jan 1 1910	1971	26
Jan 2 1907 to Jan 1 1908	Jan 2 1910 to Jan 1 1911	1972	28
Jan 2 1908 to Jan 1 1909	Jan 2 1911 to Jan 1 1912	1973	29
Jan 2 1909 to Jan 1 1910	Jan 2 1912 to Jan 1 1913	1974	30
Jan 2 1910 to Jan 1 1911	Jan 2 1913 to Jan 1 1914	1975	32
Jan 2 1911 to Jan 1 1912	Jan 2 1914 to Jan 1 1915	1976	33
Jan 2 1912 to Jan 1 1913	Jan 2 1915 to Jan 1 1916	1977	34
Jan 2 1913 to Jan 1 1914	Jan 2 1916 to Jan 1 1917	1978	36
Jan 2 1914 to Jan 1 1915	Jan 2 1917 to Jan 1 1918	1979	37
Jan 2 1915 to Jan 1 1916	Jan 2 1918 to Jan 1 1919	1980	38
Jan 2 1916 or later	Jan 2 1919 or later	1981 or later	40

*Retirement Age is 65 for men and 62 for women.

SUPPLEMENT NO. 3

A) Social Security Administrative Fee

Effective January 1, 1961, for the Social Security wage report covering the first quarter of 1961, the Social Security administrative fee to be paid by all participating public employers to the State Agency for Social Security will be decreased from the present 4% of Social Security tax to 2% of Social Security tax with a minimum administrative fee of one dollar (\$1.00) per quarterly wage report and a maximum fee of one hundred dollars (\$100.00) per quarterly wage report.

More than 400 public employers had obtained Social Security coverage prior to 1955 when such coverage was on a voluntary basis. Since 1955, when coverage became compulsory, almost all public employers have filed Social Security wage reports with the State Agency. The State Agency and participating employers have now had almost six years' experience in reporting Social Security taxes.

The State Agency for Social Security feels that a pre audit of the wage reports is no longer necessary and that our activity can be limited to a post audit of wage items that are questioned by the Federal Social Security Administration.

Most of the reporting problems that we have encountered in the past have now been reduced to a minimum. However, we do want to take this opportunity to call your attention to certain items which still cause some difficulty:

1. The heading information that is preprinted on the cover sheet of the wage report should be shown on each continuation sheet. This information includes the employer's name, address, identification number and quarter ending date.
2. The employee count should be shown in item 4 on page 1 of the wage report.
3. The wage report should be typed in triplicate with the original and duplicate sent to the State Agency. The preprinted copy of the OARS3 should be utilized as page 1 of the original, duplicate and triplicate copies.
4. Please do not show the check number, the amount of the administrative fee and other extraneous information in the summary box on the face sheet of the wage report. Such information may well be shown in a letter of transmittal.
5. Do not attempt to adjust wage reports for prior quarters on the current wage report. If it is necessary to adjust prior quarters, please send a letter to the State Agency in which you supply the necessary information regarding name, Social Security number, wages that were reported and wages that should have been reported and we will send you the necessary adjustment report.

12/29/60, TL#6

6. Do not combine the Social Security tax and the administrative fee in one check. The tax should be made payable to the "State of New Jersey, Social Security Fund" and the administrative fee payable to "State of New Jersey, Social Security Administrative Account."

Since Social Security coverage has been fairly universal in New Jersey since 1955 we haven't had many coverage questions recently. In fact, in the next few months, you will receive a questionnaire from the State Agency dealing with coverage questions so that the Federal and State Governments may be assured that all coverage questions have been satisfactorily resolved.

We hope that you will receive this notification of a reduction in the administrative fee in time to alter your budget request for the 1961 calendar year. If you have any questions, please direct them to the State Agency for Social Security, Box 1397, Trenton, New Jersey.

12/29/60, TL#6

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12. 5. 1941

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SUPPLEMENT NO. 4

- A) 1961 Social Security Amendments: Federal Legislation
- B) Insured Status Table (1961 Amendments)

A) The 1961 Amendments to the Federal Social Security Act are fairly similar to those of 1960 in that it is again another revision of the insured status requirements, altering the quarters of coverage prescribed for both men and women.

The amendments liberalizes the requirements so that an employee is considered fully insured if he has one quarter for every year elapsing after 1950 and through the year of disability, death or the attainment of the retirement age of 65 for men and 62 for women. In summary then, while the 1960 Amendments provided for a one out of three rule, the 1961 Amendments made it one out of four.

In the view that as of this writing 27 quarters have elapsed since January 1955, an employee who retires before he has obtained his 28th and qualifying quarter of coverage might still avoid the offset. However, such a man would have been born in 1914, present age 47 or a woman born in 1917, present age 44. Outside of a few individuals who may retire for disability and for a few who could vest after 20 years of service we believe that no one can now avoid the offset. Actually, since the 1960 Amendments we have replied to very few individuals indicating that this possibility still exists.

Like the 1960 Amendments there is also a liberalization of the work test under the Federal program. However, this is a minor change. Under the 1960 Amendments an individual could earn up to \$1200, have one dollar of his benefits withheld for each two dollars that he earns up to \$1500 and one dollar withheld for every dollar his earnings exceed \$1500. The 1961 Amendments simply raised the \$1500 limit to \$1700 so that under the new law one dollar will be withheld for each two dollars earned from \$1200 to \$1700 and one dollar withheld for each one dollar earned over \$1700. Thus, a retirant can now get more in combined earnings and benefits then he could have under the former act. There is no change, however, in the provision that a retirant can receive a benefit check for any month in which he earns no more than \$100.00 while retirants age 72 or over may receive their benefits regardless of earnings.

The 1960 Amendments provided that disabled workers could receive benefits at any age. Benefits were raised for some children. The 1961 Amendments liberalized the program by granting benefits to men age 62 similar to a provision of the 1956 Amendments which provided for such benefits payable to women.

Men may now choose to have their Social Security benefits start as soon as they reach age 62. However, these benefits will be reduced for every month that the member retires before age 65. The reduction factor is the same applicable to women so that at age 62 men and women will receive 80% of what they would have received at age 65. However, unlike the 1956 Amendments which altered the insured status requirements for women in order to make them eligible for benefits three years earlier than had been anticipated, there was no specific change provided for men under the 1961 Amendments. We presume that the Congress felt that the change, which we have already discussed, concerning the insured status provision, plus the liberalization of these provisions in the last few years, would have already made most men eligible for such benefits.

If a man retires at 62 his wife will be eligible when she becomes 62. However, she receives a scaled down benefit so that she will get only 75% of the wife's benefit that would have been payable if she had waited until she was 65. There is no specific scaling down of children's benefits.

Dependent husbands or widowers of female workers also may be eligible for benefits at 62 rather than at age 65. In the case of the dependent husband the benefit is scaled down similar to the wife's benefit. However, in the case of the dependent widower full benefits are payable as is true of dependent parents' benefits payable now to a dependent father or mother of a deceased son or daughter.

In addition, widow's benefits at age 65 have been increased from 75% of what the husband would have received to 82½% or approximately an overall 10% increase dollarwise. There was also an increase in the minimum benefits from \$33.00 a month to \$40.00 for those over 65.

Finally, all of these benefits resulted in an increase in the tax rate which has been advertised as only 1/8th of a percent. However, this is 1/8th% for an employee and another 1/8th% for an employer or in total beginning in January 1962, 6 1/4%. The extra 1/8th is reflected for both the employer and the employee in 1963 when the 1960 act provided for an ½% increase. The extra 1/8th is also reflected in the 1966 increase, the next scheduled increase provided by the 1960 Amendments. However, the increase in the tax rates originally scheduled for 1969 will now be made in 1968 resulting in an increase at that time to 4 5/8ths for employers and 4 5/8ths for employees for a total of 9 1/4%. Fortunately, the \$4800 limit has been retained but certainly this reflects quite a change from the 2% of \$4200 when integration started.

B) Insured Status Table (1961 Social Security Amendments)

<u>Year of Birth</u>		<u>Year Attained Age 62 (For Women)</u> <u>Age 65 (For Men)</u>	<u>Required Quarters</u>
<u>Men</u>	<u>Women</u>		
1891	1894	1956 & Earlier	6
1892	1895	1957	6
1893	1896	1958	7
1894	1897	1959	8
1895	1898	1960	9
1896	1899	1961	10
1897	1900	1962	11
1898	1901	1963	12
1899	1902	1964	13
1900	1903	1965	14
1901	1904	1966	15
1902	1905	1967	16
1903	1906	1968	17
1904	1907	1969	18
1905	1908	1970	19
1906	1909	1971	20
1907	1910	1972	21
1908	1911	1973	22
1909	1912	1974	23
1910	1913	1975	24
1911	1914	1976	25
1912	1915	1977	26
1913	1916	1978	27
1914	1917	1979	28
1915	1918	1980	29
1916	1919	1981	30
1917	1920	1982	31
1918	1921	1983	32
1919	1922	1984	33
1920	1923	1985	34
1921	1924	1986	35
1922	1925	1987	36
1923	1926	1988	37
1924	1927	1989	38
1925	1928	1990	39
1926	1929	1991	40

SUPPLEMENT NO. 5

- A) Social Security Taxes Effective January 1, 1962
- B) Social Security Taxes for Transferring Teachers

A) Effective January 1, 1962, the employee's Social Security Tax rate will be increased from the present 3% of the first \$4800 of covered wages in a calendar year to 3 1/8% of the first \$4800. The employer's rate will also be increased to 3 1/8% for a combined employer and employee tax liability of 6 1/4% of covered wages.

The Social Security credit for members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System will remain at 2 1/2% of the first \$4800 of base salaries or wages, exactly the same as it is in 1961. The 1/8 of 1% increase in Social Security Tax will, therefore, result in an increased deduction from the pay of all employees who are subject to Social Security Tax including those employees who are members of either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund. An example of the calculation of pension and Social Security Tax deductions for members of the Teachers' Pension and Annuity Fund or Public Employees' Retirement System is shown below.

The Social Security administrative fee will remain at 2% of the combined 6 1/4% Social Security Tax for employees and employer with a minimum of \$1.00 and a maximum of \$100.00 on each quarterly Social Security Wage Report.

School districts will be required to remit, with their unit 002 Social Security Wage Reports, only the employee tax liability of 3 1/8% of covered base salaries for members of the Teachers' Pension and Annuity Fund; the State will pay the full 3 1/8% employer tax on base salaries of members of the Teachers' Fund.

Please note that the maximum Social Security Tax that should be deducted from any employee's pay by a single employer in the 1962 calendar year will be \$150.00, 3 1/8% of the maximum covered wages of \$4800.

In order to assist all employers in readily determining the Social Security Tax deduction on a given amount of wages, we understand that the Federal Internal Revenue Service is now compiling a chart to show the appropriate tax deduction for various amounts on weekly, bi-weekly, semi-monthly and monthly payrolls. We suggest that you contact your local Internal Revenue office to obtain a copy of these charts to assist you in calculating Social Security Tax liability in the 1962 calendar year.

EXAMPLE - PENSION & SOCIAL SECURITY TAX IN 1962

A 12 month member of the Public Employees' Retirement System or Teachers' Pension and Annuity Fund who has a 1962 calendar year base salary of \$6000, and a full pension rate of 6% will be subject to the following pension and Social Security Tax deductions in 1962:

<u>Month</u>	<u>Base Salary & Wages Paid</u>	<u>Pension Deduction</u>	<u>Social Security Tax</u>
January	\$500.00	\$17.50 ¹	\$15.63 ²
February	500.00	17.50	15.63
March	500.00	17.50	15.63
April	500.00	17.50	15.63
May	500.00	17.50	15.63
June	500.00	17.50	15.63
July	500.00	17.50	15.63
August	500.00	17.50	15.63
September	500.00	17.50	15.63
October	500.00	22.50 ³	9.33 ⁴
November	500.00	30.00 ⁵	0
December	<u>500.00</u>	<u>30.00</u>	<u>0</u>
	\$6000.00	\$240.00	\$150.00

NOTES

- 3 1/2% (6% less 2 1/2%) x \$500 monthly salary
- 3 1/8% (.03125) x \$500 monthly salary
- By September 30th member had earned \$4500 base salary; pension deduction on \$300 (\$4800 less \$4500) of October salary computed at net pension rate of 3 1/2% and on \$200 (over \$4800) at full 6% pension rate:

$$\$300 \times 3 \frac{1}{2}\% = \$10.50$$

$$200 \times 6\% = \underline{12.00}$$

Oct. Pension Ded. 22.50

4. Maximum annual Social Security Tax deduction in 1962 is \$150.00 (3.125% x \$4800).
5. Member has exceeded \$4800 base salary in calendar year; pension deduction computed at full rate: (6% x \$500 monthly salary = \$30.00).

P.S. We have obtained and are enclosing a copy of U.S. Treasury Dept. circular E, "Employer's Tax Guide". Pages 30 and 31 show Social Security Tax liability on wages up to \$165.28.

B) Federal Social Security regulations provide that each employer must deduct Social Security Tax on the first \$4800 in total wages that a covered employee earns in a calendar year. This regulation works a hardship on a teacher member of the Teachers' Pension and Annuity Fund who transfers from New Jersey school district "A" to district "B", another New Jersey school district, at any time during a calendar year. The transferring teacher is now required to pay Social Security Tax on the first \$4800 in total wages that are earned in district "B" regardless of the Social Security Tax that was taken on his wages in district "A" in previous months of the same calendar year prior to his transfer. However, he must pay pension at the "full rate" after his combined base salaries in districts "A" and "B" equal \$4800.

For the past several years the Division of Pensions has contended that, since the State of New Jersey assumes the employer Social Security Tax liability on the base salaries of all members of the Teachers' Fund, a teacher who transfers from one New Jersey school district to another should pay Social Security Tax on only the first \$4800 of total wages that are earned in the several New Jersey school districts. The Federal Social Security Administration has recently issued a regulation which will permit us to calculate Social Security Tax for a transferring teacher in this manner.

Effective January 1, 1962, a member of the Teachers' Pension and Annuity Fund will be subject to Social Security Tax on only \$4800 total wages in a calendar year whether he works for one school district for the entire year or transfers from one district to another during the year. This regulation is applicable only to a teacher or janitor member of the Teachers' Pension and Annuity Fund who transfers from one New Jersey district to another. It does not apply to an employee who concurrently works in more than one school district such as a music teacher who works one day a week for several school districts at one time; such "multiple" employee must pay Social Security Tax on a maximum of \$4800 total wages in each school district.

In conjunction with its new regulation for transferring teachers the Federal Government requires that district "A" advise district "B" of the amount of wages that were subject to Social Security Tax in district "A" before the date of transfer, so that district "B" may then deduct Social Security Tax on only the

remaining portion of \$4800 wages in the calendar year. For example, if a teacher was paid \$3000 total wages in district "A" from January 1 to June 30, 1962, and transferred to district "B" on September 1, 1962, district "B" should deduct Social Security Tax on only the first \$1800 (\$4800 less \$3000) earned in district "B".

In order to comply with Federal regulations the Division of Pensions and the State Department of Education ask that you prepare a "Social Security Tax Certification" form in triplicate, for any member of the Teachers' Fund who terminates employment in your district during a calendar year. This form should be prepared immediately on the employee's termination. The original of the form should be given to the terminating employee with instructions that, if he transfers to another New Jersey school district, he present it to the Secretary of the Board of Education in the new district. The second copy of the form should be sent to the "State Agency for Social Security", 137 E. State Street, Trenton, New Jersey and the third copy should be retained for your files.

The "Social Security Tax Certification" forms are now being printed in booklet form and will be distributed to all school districts in a few months. If any of your Teachers' Pension and Annuity Fund members terminate employment before you have received a supply of the forms please prepare your own certification in accordance with Exhibit A, attached.

If a member of the Teachers' Fund transfers to your school district after January 1, 1962, please ask the employee to obtain a completed copy of this form from his previous employer before you place him on your payroll. The completed form should then be incorporated with your payroll records in order to support your Social Security Tax deductions for this employee.

We realize that not all members of the Teachers' Fund who terminate employment in your district will transfer to another New Jersey School district in the same calendar year; however, we must ask, in order to make the procedure effective, that you prepare this form for every terminating employee who is a member of the Teachers' Fund.

We are certain that this new Federal regulation will be well received by Secretaries of Boards of Education and teachers. As you know, it has been virtually impossible to explain to the satisfaction of any teacher who transferred from one district to another why he had to begin paying Social Security Tax all over again in the new district and might at the same time be paying pension based on the full pension rate of contribution because his combined salaries had reached \$4800.

P.O.Box #1979
Trenton, N.J.

DIVISION OF PENSIONS
STATE OF NEW JERSEY

SOCIAL SECURITY TAX CERTIFICATION

I certify that:

_____ who is a member of the Teachers' Pension and Annuity Fund
Name of Employee

of New Jersey, _____ and _____ earned \$ _____ total cash wages
Pension M/S. No. Social Security No.

in this school district from _____, 196__, to _____, 196__, in the current
Month Day Month Day

calendar year, and \$ _____ Social Security Tax was deducted from his pay.

Date

Signature, Secretary, Board of Education

Board of Education

County

Please complete in triplicate

White copy to State Social Security Agency; Pink copy to employee; Yellow copy for your records.

1-1-62, TL #11

SUPPLEMENT NO. 6
PENSION FIELD MANUAL

This Supplement includes the following:

- A) Enrollment in the Public Employees' Retirement System
- B) Pension Increase Act - Chapter 144, Laws of 1961
- C) New Positions Eligible for the Teachers' Pension and Annuity Fund
- D) Social Security
 - 1. Tax Certification Form for Terminating Member of the Teachers' Pension and Annuity Fund
 - 2. Foreign Students and Exchange Teachers Not Covered
 - 3. Form SS-5 - Application for Social Security Number
 - 4. Employee Request for Statement of His Social Security Account

A) ENROLLMENT IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Many municipalities, boards of education and counties apparently do not fully understand their statutory obligation regarding enrollment of employees in the Public Employees' Retirement System. As an employee's veteran status, date of appointment and the nature of his appointment are all important factors in determining whether he is compelled to enroll as a condition of employment or has the option to enroll, the Board of Trustees of the Public Employees' Retirement System has recently reviewed its rules and regulations on the basis of the statute and rulings of the Attorney General.

These rules and regulations are detailed below:

VETERANS

In general, all veterans who are employed by any public employer in New Jersey, including school crossing guards, special policemen and parking violations officers, are required to enroll in the Public Employees' Retirement System as a condition of employment. This regulation applies to:

1. Full-time employees
2. Part-time employees
3. Elected officials
4. Appointed officials
5. Members who hold unclassified positions with an employer that is covered by Civil Service
6. Temporary employees who were on your payroll on January 1, 1955

The only veterans who are not required or permitted to enroll in the Public Employees' Retirement System are the following:

1. Temporary employees (other than (6) above)
2. Employees who filed a waiver of membership with the Division of Pensions by January 30, 1955, and are still employed by the same employer
3. Elected officials who do not have Social Security coverage
4. Employees who hold a position that is covered by another contributory pension system such as the Teachers' Fund, one of the Police and Fire Systems or one of the few local county or municipal retirement systems
5. Employees or officials who earn less than \$500 per year

NON-VETERANS

Non-veterans are not eligible for enrollment in the Public Employees' Retirement System unless the retirement system has been adopted by referendum (resolution for a public agency).

The enrollment of non-veterans in a unit which has adopted the Public Employees' Retirement System is partially dependent on whether or not the county, municipality or school district has adopted Civil Service.

Below we have listed under (A) those regulations which are pertinent to all non-veterans; under (B) those applicable to an employer who is covered by Civil Service and under (C) those that are applicable to an employer who is not covered by Civil Service.

A. NON-VETERAN - GENERAL REGULATIONS

1. Temporary employees are not permitted to enroll
2. Elected or appointed officials - enrollment is optional if they are covered by Social Security

B. NON-VETERANS - GROUPS COVERED BY CIVIL SERVICE

1. Permanent, full-time employees must enroll if they were appointed after January 1, 1955 (or after the effective date of adoption of the Public Employees' Retirement System if the system was adopted after January 1, 1955)
2. Unclassified employees have the option to enroll in the Public Employees' Retirement System
3. Permanent, part-time employees who were appointed on or after January 1, 1962, must enroll if they receive \$500 a year and are paid some salary in each of the 4 quarters of the calendar year
4. Permanent, part-time employees who were appointed before January 1, 1962, have an option to enroll if they receive \$500 a year and are paid some salary in each of the 4 quarters of the calendar year

C. NON-VETERANS - GROUPS NOT COVERED BY CIVIL SERVICE

1. Part-time employees have an option to enroll in the system
2. Full-time employees who hold regularly budgeted positions must enroll as a condition of employment.

Whether an employee is "permanent" or "temporary" is important in determining eligibility for enrollment in the Public Employees' Retirement System. In a unit which is covered by Civil Service there is little problem because status is well defined in the Civil Service certification.

However, in a unit which is not covered by Civil Service, the Certifying Agent may have difficulty in determining whether an employee is temporary or permanent. We view that an employee is permanent if he holds a regular position and if that position is necessary for the year-to-year continuation of municipal service. Even though an employee is appointed and reappointed annually he is a permanent employee if he holds a regularly budgeted position. On the other hand, an employee is temporary if he is engaged for a limited period of time to perform a specific non-recurring duty for the employer.

In the final analysis, a determination of the permanent or temporary status of an employee rests with the governing body. We trust that no governing body or Certifying Agent will arbitrarily consider a regular employee as a temporary employee and thereby deprive him of pension and insurance coverage while risking future liability for the employer if the employee should die, become disabled or reach retirement age.

B) PENSION INCREASE ACT

Since January 1, 1959 members of the State retirement systems who retired before January 1, 1952 have received an increased monthly retirement allowance in accordance with the provisions of Chapter 143, Laws of 1958 (the provisions of this statute are detailed in Sections 92.4 and 92.5 of the Pension Field Manual). Bills for the 1962 calendar year were sent to appropriate local employers on December 1, 1961.

Recently, the Pension Increase Act was amended by the enactment of Chapter 144 of the Laws of 1961. The amended statute, which is effective July 1, 1962, provides an initial increased allowance for members who retired in 1952, 1953 and 1954 and it also provides a higher percentage of increase for those who retired prior to 1952.

About May 1, 1962, we will send a supplemental bill for "Pension Increase" to the appropriate local employers for the additional amount that is due for the second half of the 1962 calendar year. These supplemental bills must be paid promptly so that we will have the funds necessary to pay the increased monthly allowance to your retired members. We have the assurance of George Skillman, Director of the Division of Local Government, that his office will cooperate fully with counties and municipalities if a transfer of funds or emergency appropriations are required to promptly pay these supplemental bills.

C) POSITIONS WHICH ARE COVERED BY THE TEACHERS' PENSION AND ANNUITY FUND

The various positions which are eligible for membership in the Teachers' Pension and Annuity Fund such as teachers, janitors, superintendents, etc. are listed in Section 10.2 of the Pension Field Manual as well as on the reverse side of the enrollment application. At its meeting on February 8, 1962, the Board of Trustees of the Teachers' Pension and Annuity Fund adopted a resolution which provided that the following teaching and professional staff positions, which require certification by the State Board of Education, were approved as being eligible for membership in the Teachers' Pension and Annuity Fund:

Assistant Superintendent in Charge of Business
General Supervisor of Instruction
General Secondary Supervisor
General Elementary Supervisor
Assistant Subject Supervisor
Recreation Director
School Physical Therapist
School Occupational Therapist
Speech Defective
Vocational Administrator
Vocational Trade and Industrial Coordinator
Director, Administrator or Supervisor of Guidance
and Student Personal Services

D) SOCIAL SECURITY

1. SOCIAL SECURITY TAX CERTIFICATION - MEMBER OF THE TEACHERS' PENSION AND ANNUITY FUND WHO TERMINATES EMPLOYMENT

In paragraph B of Supplement No. 5 to the Pension Field Manual, we asked that employers prepare a "Social Security Tax Certification" form, in triplicate, for any member of the Teachers' Pension and Annuity Fund who terminates employment during the calendar year. We have received the certification forms from the printer and are enclosing them. You will note that they are in a convenient snap-out form and we ask that you use them in accordance with the instructions detailed in paragraph B of Supplement No. 5 for all members of the Teachers' Fund who terminate employment with your district during the calendar year. It is asked that you strictly follow the certification procedure in the future and, also, for all Teachers' Pension and Annuity Fund members who have left your district since January 1, 1962.

2. SOCIAL SECURITY COVERAGE FOR FOREIGN STUDENTS AND EXCHANGE TEACHERS

On September 21, 1961, Congress enacted the Mutual Educational and Cultural Exchange Act. This law provides that all students, teachers, research assistants, etc. who are temporarily in the

United States under one of the exchange visitor programs of the Federal Government are excluded from Social Security coverage effective January 1, 1962.

Therefore, Social Security taxes should not be deducted or reported on the salaries or wages of any student or teacher who is temporarily in this country under the Fullbright Act, the Smith-Mundt Act or any of the other Federal Educational Exchange Programs. The act is not retroactive in nature; deductions which properly were taken prior to January 1, 1962, cannot be refunded.

3. FORM SS-5 (APPLICATION FOR SOCIAL SECURITY ACCOUNT NUMBER)

The Federal Social Security Administration identifies covered employees by name and by an individual nine-digit Social Security Account Number. It is, therefore, imperative that new employees promptly obtain a Social Security number and that employers correctly identify the employee on Social Security Wage Reports.

When you hire a new employee, please check his Social Security Card carefully. Record the Social Security account number and name exactly as shown on the card. Also make a record of his home address.

If a new employee cannot show you his Social Security Card, he should complete a Treasury Department Form SS-5, "Application for Social Security Account Number" for your records. Copies of this form may be obtained at your local Social Security office.

If the employee says that he lost his Social Security Card or has never received one, he should promptly apply for a Social Security account number at the nearest Social Security office in addition to completing an SS-5 form for your records. Please keep the SS-5 form until the employee shows you his Social Security Card; then return the form to him.

If you do not have a Social Security account number for an employee when you file a Social Security Wage Report, copy the information from the SS-5 form for your records and attach the SS-5 to the Social Security Wage Report that you file with this office. The employee's mailing address should be shown on the Wage Report in the space allocated for the Social Security number.

4. EMPLOYEE'S REQUEST FOR A STATEMENT OF HIS SOCIAL SECURITY ACCOUNT

The Federal Government suggests that any employee who is covered by Social Security should periodically write to the Social Security Administration in Baltimore to verify that proper wages have been reported in his Social Security account. A convenient "Wage Statement Request" in post card form may be obtained at your local Social Security office.

We recommend that all public employees who are covered for Social Security send one of these post card forms to the Social Security Administration in Baltimore once every 3 to 5 years to be certain that their wages have properly been reported to the Federal Social Security Administration.

EMPLOYERS CERTIFICATION – DEATH CLAIM
TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY
(Please see reverse side for instructions)

I, _____, Secretary, _____ (DISTRICT),
_____ (COUNTY) do hereby certify that _____ (EMPLOYEE), _____ (POSITION),
_____ died on _____ and last rendered service on _____ and
MEMBERSHIP NO. _____ DATE _____

- was a bonafide employee of this board, under contract and paid salary to date of death. If salary was paid to date of death a full monthly pension deduction must be made, if sufficient salary was paid, to permit payment of full death benefits.
- was a bonafide employee of this board on a leave of absence from _____ to date of death. (Copy of resolution granting leave enclosed herewith.)
- was a bonafide employee of this board, absent without pay to date of death. (If this item is checked, employment status must be clearly defined in a signed statement to accompany this form.)
- had resigned his position on _____ and was not under contract or on a leave of absence at date of death.

I also certify that the contract salaries for the last two school years were _____ and _____ (include the year of death.)

I further certify that the following salary deductions were made for the thirteen month period preceding the date of the member's death:

MONTH - YR	BASE SALARY SUBJECT TO CONTRIBS. THIS QUARTER	FULL RATE	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL DEDUCTION
					NO	AMOUNT		
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								

Was member covered by New Jersey Blue Cross? Yes No-If yes is checked please complete
 Hospitalization Medical-Surgical Type of Contract Family Single

If employee was covered for the contributory insurance, give last payroll period from which last deduction was made

Was death due to an accident in course of employment yes no.

This employee was paid on 10 or 12 month basis. (cross out one)

(DATE) (SIGNATURE) Secretary, Board of Education

INSTRUCTIONS

1. It is necessary to answer all questions fully and completely. This will avoid unnecessary correspondence and expedite the payment of the claim.
2. All State agencies reporting deductions through the State Centralized Tabulating Section should send with this form, and in lieu of "13 Month Period" certification on the front of this form, the "Supplemental Certification by Biweekly Reporting Agencies" form #TP-30-1-1158.
3. The "Thirteen Month Period" certification is identical in form to the "Quarterly Report of Contributions". It is necessary that each quarter shown on the quarterly report, and the sum of the monthly totals for the same months of the quarter on this form agree.

EMPLOYERS CERTIFICATION – DEATH CLAIM
TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY
(Please see reverse side for instructions)

I, _____, Secretary, _____, _____, _____,
(DISTRICT)
_____ do hereby certify that _____,
(COUNTY) (EMPLOYEE) (POSITION)
_____, died on _____ and last rendered service on _____ and
MEMBERSHIP NO. DATE

- was a bonafide employee of this board, under contract and paid salary to date of death. If salary was paid to date of death a full monthly pension deduction must be made, if sufficient salary was paid, to permit payment of full death benefits.
- was a bonafide employee of this board on a leave of absence from _____ to date of death. (Copy of resolution granting leave enclosed herewith.)
- was a bonafide employee of this board, absent without pay to date of death. (If this item is checked, employment status must be clearly defined in a signed statement to accompany this form.)
- had resigned his position on _____ and was not under contract or on a leave of absence at date of death.

I also certify that the contract salaries for the last two school years were _____ and _____ (include the year of death.)

I further certify that the following salary deductions were made for the thirteen month period preceding the date of the member's death:

	MONTH - YR	BASE SALARY SUBJECT TO CONTRIBS. THIS QUARTER	FULL RATE	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL DEDUCTION
						NO. MONTHS	AMOUNT		
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									
12.									
13.									

Was member covered by New Jersey Blue Cross? Yes No-If yes is checked please complete
 Hospitalization Medical-Surgical Type of Contract Family Single

If employee was covered for the contributory insurance, give last payroll period from which last deduction was made
_____.

Was death due to an accident in course of employment yes no.

This employee was paid on 10 or 12 month basis. (cross out one)

(DATE) (SIGNATURE) Secretary, Board of Education

INSTRUCTIONS

1. It is necessary to answer all questions fully and completely. This will avoid unnecessary correspondence and expedite the payment of the claim.
2. All State agencies reporting deductions through the State Centralized Tabulating Section should send with this form, and in lieu of "13 Month Period" certification on the front of this form, the "Supplemental Certification by Biweekly Reporting Agencies" form #TP-30-1-1158.
3. The "Thirteen Month Period" certification is identical in form to the "Quarterly Report of Contributions". It is necessary that each quarter shown on the quarterly report, and the sum of the monthly totals for the same months of the quarter on this form agree.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
EMPLOYERS' CERTIFICATION: DEATH CLAIM

1. Name of Deceased _____ 2. Membership No. _____ LOCATION NO. _____
3. Date Employed _____ 4. Date of Death _____
5. Last Day of Active Service _____
6. Was member on an official leave of absence with or without pay Yes No-If yes give date granted and reason _____
7. Was member covered by New Jersey Blue Cross? Yes No-If yes is checked please complete Hospitalization Medical-Surgical Type of Contract Family Single
8. Was death due to an accident in course of employment Yes No
9. Base salaries during the last 13 months of creditable service prior to date of death:

	MONTH - YR.	BASE SALARY SUBJECT TO CONTRIBS. THIS QUARTER	FULL RATE	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL DEDUCTION
						NO PAYS	AMOUNT		
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									
12.									
13.									

10. Last Deduction Made for Retirement System: Payroll Period _____
Amount of Pension Deduction \$ _____ Salary \$ _____
11. If Contributory Insurance In Force, give Payroll Period from which last deduction was made _____

DATE SIGNATURE OF CERTIFYING AGENT TITLE

DEPARTMENT, INSTITUTION OR POLITICAL SUBDIVISION COUNTY

INSTRUCTIONS

1. It is necessary to answer all questions fully and completely. This will avoid unnecessary correspondence and expedite the payment of the claim.
2. All State agencies reporting deductions through the State Centralized Tabulating Section should send with this form, and in lieu of "13 Month Period" certification on the front of this form, the "Supplemental Certification by Biweekly Reporting Agencies" form #TP-30-1-1158.
3. The "Thirteen Month Period" certification is identical in form to the "Quarterly Report of Contributions". It is necessary that each quarter shown on the quarterly report, and the sum of the monthly totals for the same months of the quarter on this form agree.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
EMPLOYERS' CERTIFICATION: DEATH CLAIM

1. Name of Deceased _____ 2. Membership No. _____ LOCATION NO. _____
3. Date Employed _____ 4. Date of Death _____
5. Last Day of Active Service _____
6. Was member on an official leave of absence with or without pay Yes No-If yes give date granted and reason _____
7. Was member covered by New Jersey Blue Cross? Yes No-If yes is checked please complete Hospitalization Medical-Surgical Type of Contract Family Single
8. Was death due to an accident in course of employment Yes No
9. Base salaries during the last 13 months of creditable service prior to date of death:

	MONTH - YR.	BASE SALARY SUBJECT TO CONTRIBS. THIS QUARTER	FULL RATE	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL DEDUCTION
						NO. MONTHS	AMOUNT		
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									
12.									
13.									

10. Last Deduction Made for Retirement System: Payroll Period _____
Amount of Pension Deduction \$ _____ Salary \$ _____
11. If Contributory Insurance In Force, give Payroll Period from which last deduction was made _____

DATE SIGNATURE OF CERTIFYING AGENT TITLE

DEPARTMENT, INSTITUTION OR POLITICAL SUBDIVISION COUNTY

INSTRUCTIONS

1. It is necessary to answer all questions fully and completely. This will avoid unnecessary correspondence and expedite the payment of the claim.
2. All State agencies reporting deductions through the State Centralized Tabulating Section should send with this form, and in lieu of "13 Month Period" certification on the front of this form, the "Supplemental Certification by Biweekly Reporting Agencies" form #TP-30-1-1158.
3. The "Thirteen Month Period" certification is identical in form to the "Quarterly Report of Contributions". It is necessary that each quarter shown on the quarterly report, and the sum of the monthly totals for the same months of the quarter on this form agree.

STATE OF NEW JERSEY
DIVISION OF PENSIONS

SUPPLEMENT 7A
PENSION FIELD MANUAL

(A) PENSION AND GROUP LIFE INSURANCE COVERAGE FOR STATE EMPLOYEES
DURING A MILITARY LEAVE OF ABSENCE

We have had numerous inquiries regarding the pension and insurance status of members of State-administered retirement systems who are granted a leave of absence for military service. In accordance with recent opinions of the Attorney General and in conformity with Civil Service Circular #18, dated July 27, 1962, we have developed the following regulations for members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund who are granted a military leave of absence.

Although these regulations pertain specifically to members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, they are equally applicable to members of the State Police Retirement and Benevolent Fund and the Prison Officer's Pension Fund. However, references to Social Security Tax, non-contributory life insurance and contributory life insurance, do not concern members of the State Police or Prison Officer's Funds.

These regulations apply to the following types of military leaves of absence:

1. MILITARY LEAVE OF ABSENCE WITH FULL PAY - ANNUAL ACTIVE DUTY FOR TRAINING
2. MILITARY LEAVE OF ABSENCE WITHOUT PAY
3. ACTIVE DUTY FOR TRAINING FOR 3 TO 6 MONTHS - The amendment to Reserve Forces Act of 1955, 50 USCA 1013(c), c. 655, provides that persons may enlist in a special enlistment program to aid the strength of the ready reserve for an initial period of active duty for training of not less than 3 months or more than 6 months.
4. MILITARY LEAVE OF ABSENCE WITH DIFFERENTIAL PAY ENTITLEMENT
 - (a) CASH PAYABLE - The employee is paid the cash differential between his State pay and his military pay and allowances.
 - (b) NO CASH PAYABLE - Although the employee is granted a leave with differential pay entitlement he actually receives no cash because his military pay and allowances exceed his State pay.

When a State employee is granted a military leave of absence his personnel officer should promptly file with the Division of Pensions a copy of the Civil Service form #21 covering the leave of absence. It should clearly indicate the specific type of military leave the employee was granted, the date the leave began, whether differential cash wages are payable and, if so, the amount thereof.

The regulations are as follows:

1. MILITARY LEAVE OF ABSENCE WITH FULL PAY - ANNUAL ACTIVE DUTY FOR TRAINING

Any member of the U. S. Armed Forces Reserves or National Guard Components who is granted a military leave of absence with pay to engage in annual active duty for training and who continues on the State payroll at full pay during the leave of absence will be considered as continuing in active employment for pension, Social Security and group life insurance.

2. MILITARY LEAVE OF ABSENCE WITHOUT PAY

PENSION COVERAGE

N.J.S.A. 38:23-6 provides that the employer must pay to the retirement system the full employee pension contribution based on the amount of compensation that the employee would be entitled to receive if he were still in active employment. The pension contribution is calculated at the member's full pension rate with no reduction for Social Security. Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the termination of the military leave of absence.

NON-CONTRIBUTORY LIFE INSURANCE

Non-contributory insurance coverage terminates 93 days after the military leave of absence begins. During the 93 day period (plus the 31 day grace period) the employee may convert his coverage to an individual policy issued by the carrier, the Prudential Insurance Company, by contacting his local Prudential Insurance Company agent. If the member does not convert to an individual policy, non-contributory insurance coverage will resume when he returns to the payroll after the military leave of absence has terminated.

CONTRIBUTORY LIFE INSURANCE

The employee may continue contributory insurance coverage for only the first 93 days of the military leave of absence by making personal remittances of the premium to the retirement system. The premium, 1% of salary, must be remitted monthly, in advance. During the 93 day period (plus the 31 day grace period) the member may convert his coverage to an individual policy issued by the carrier, the Prudential Insurance Company. If he does not convert to an individual policy, contributory insurance coverage will resume when he returns to the payroll.

SOCIAL SECURITY TAX

As the employee is receiving no wages from the State during the military leave of absence, no Social Security Tax liability is incurred.

3. ACTIVE DUTY FOR TRAINING FOR A PERIOD OF 3 TO 6 MONTHS - the Attorney General has ruled that employers are not required to make pension contributions for employees who are on a military leave of absence for "Active Duty for Training" which is currently for a period of not less than 3 months or more than 6 months.

The member will receive no pension credit for the period of the leave of absence, because no contributions have been remitted on his behalf. In the Public Employees' Retirement System, the member will have an opportunity to purchase pension credit for the leave of absence after the leave has terminated. The member should then contact the Division to determine the cost of purchasing pension credit. It may be paid in a lump sum or scheduled as extra payroll deductions.

Non-contributory insurance coverage terminates 93 days after the leave of absence began but coverage will resume when the member returns to active employment.

Contributory insurance coverage may be continued for the first 93 days of the leave of absence. If the member wishes to continue such coverage for the 93 day period, he should make personal remittances of insurance premiums directly to the retirement system, monthly, in advance. Contributory insurance coverage will resume on return to active employment.

4. MILITARY LEAVE OF ABSENCE WITH DIFFERENTIAL PAY ENTITLEMENT

4-a. CASH PAYABLE - employee receives cash wages from the State

PENSION COVERAGE

A pension contribution should be deducted from the cash wages that the employee is entitled to receive. The contribution is calculated at the net pension rate (full rate after \$4800) on the base salary that the employee would be entitled to receive had he continued in active employment.

NON-CONTRIBUTORY LIFE INSURANCE

Non-contributory insurance coverage will continue during the entire period of a military leave of absence with pay.

CONTRIBUTORY LIFE INSURANCE

If the employee had contributory insurance coverage immediately prior to the military leave of absence the employer must deduct from his cash wages 1% of the base

salary that he would be entitled to receive were he still in active employment. Contributory insurance coverage will continue during the entire period of a military leave of absence with pay.

SOCIAL SECURITY TAX

Social Security Tax of 3 1/8% must be deducted from the actual cash wages that the employee is paid by the State.

EMPLOYER LIABILITY

If the differential cash wages are insufficient to cover pension contributions and Social Security Tax liability, in accordance with the above, the employer is liable for any difference in the pension contribution. In determining employer liability, deductions should be made from the employee's differential cash wages in the following order:

- (1) SOCIAL SECURITY TAX - Since tax liability is calculated on cash wages, the employee is always liable for the entire employee Social Security Tax liability.
- (2) PENSION CONTRIBUTION - If the cash wages are insufficient to cover Social Security Tax liability and pension contributions, the employer must pay the balance of the pension contribution which is not covered by the employee's cash wages.
- (3) EXTRA PENSION DEDUCTIONS - If differential cash wages are sufficient, deductions should be made for outstanding arrears, back deductions or loans. Otherwise, they will be rescheduled at the termination of the leave of absence.
- (4) CONTRIBUTORY LIFE INSURANCE - If the cash wages are insufficient to cover Social Security Tax, pension contributions and contributory insurance, the employer is never liable for any portion of the contributory insurance premium. The employee must pay the contributory insurance premium monthly, in advance, by direct remittance to the retirement system.

4-b. NO CASH PAYABLE - the employee receives no cash wages because his military pay and allowances are in excess of the pay which he would be entitled to receive if he were still actively employed. The Attorney General has held that the type of leave that is granted is the controlling factor in determining pension and insurance status; an employee who is granted a military leave of absence with pay, even though he receives no cash wages, shall be considered basically the same as an employee who receives cash wages on a "military leave of absence with differential pay entitlement" (4 (a) above).

PENSION CONTRIBUTIONS

The employer is required to pay to the retirement system the employee's full pension contribution based on the amount of compensation that the employee would be entitled to receive if he were in active employment. The pension contribution is calculated at the member's full pension rate with no reductions for Social Security. Payments which have been scheduled on arrears, back deductions or loans will be rescheduled at the termination of the military leave of absence.

NON-CONTRIBUTORY LIFE INSURANCE

Non-contributory insurance coverage continues for the entire period of the military leave of absence.

CONTRIBUTORY LIFE INSURANCE

The employee may continue contributory insurance coverage for the entire period of the military leave of absence with pay by making personal remittances of the premium monthly, in advance, to the retirement system.

SOCIAL SECURITY TAX

As the employee is receiving no cash wages, there is no Social Security Tax liability.

B. Senate Bill #16

On July 10, 1962, Governor Hughes signed Senate Bill #16 which restores to a limited group of older teachers and janitors the privilege of retiring before their retirement allowance is integrated with Social Security. Comparable legislation for members of the Public Employees' Retirement System was not enacted, but undoubtedly will be considered when the Legislature reconvenes in November of 1962.

Senate Bill #16 applies to MEN who were born:

- (a) After January 1, 1892 and before July 2, 1893
- (b) After July 1, 1898

It applies to WOMEN who were born:

- (a) After January 1, 1892 and before July 2, 1896
- (b) After July 1, 1901

Men who were born before January 2, 1892 or between July 2, 1893 and July 1, 1898, are not covered by Senate Bill #16. Women who were born before January 2, 1892 or between July 2, 1896 and July 1, 1901, are not covered by this legislation.

Employees have questioned why this legislation pertains only to members with prescribed dates of birth. It applies to only those employees who thought they could time their retirement to "avoid" the Social Security offset but were later deprived of this privilege because of amendments to the Federal Social Security Act. Employees who had an "avoid" date but decided that it was more advantageous for them to continue working beyond that date are not given another opportunity to avoid integration with Social Security by Senate Bill #16.

This legislation pertains to both retired members and active members of the Teachers' Pension and Annuity Fund who were born on the prescribed dates.

Retired members who were 65 or older, and who were born on the dates indicated in the legislation were notified by the Division that their future monthly allowances from the Teachers' Fund would not be subject to a Social Security offset. Also, in accordance with the provisions of the legislation, a check was mailed to each of them on July 11, 1962, covering the total amount of all Social Security reductions which had been applied against their retirement allowance since they attained age 65, or since retirement, whichever was later.

Retired members who were not yet 65 years of age, and who were covered by Senate Bill #16, were individually notified by the Division that they would not be subject to a Social Security offset when they became age 65. However, they were also advised that their retirement allowance would be subject to a Social Security offset when they became 65 years of age if they did any substitute teaching or engaged in any other public employment in New Jersey after July 10, 1962 (the date Governor Hughes signed Senate Bill #16) and before they became 65 years of age.

In order to notify active members of the Teachers' Fund who have an option to retire by July 1, 1963 or July 1, 1964 to avoid integration with Social Security the Division asked the cooperation of the Secretary of each local Board of Education in the State. Each Board of Education was sent two copies of a list of all members who will be eligible for Service retirement by July 1, 1964, under the provisions of Senate Bill #16. The Secretary of the Board was asked to give a copy of an explanatory memo addressed to "Members of the Teachers' Pension and Annuity Fund Who Are Covered by Senate Bill #16", dated July 10, 1962, to each member who was shown on the list. The memo details the specific dates of birth which are prescribed in the legislation and indicates whether the member is required to file an Application for Retirement before January 1, 1963 or January 1, 1964, and whether he must retire by July 1, 1963 or July 1, 1964.

Although the list did not include the names of those members who will be eligible for a Deferred retirement allowance or an Early retirement allowance, which respectively require 20 or 25 years of credit in the Fund, the Secretaries were asked to give a copy of the July 10th memo to all employees of the Board who would be eligible for either a Deferred retirement allowance or an Early retirement allowance by July 1, 1964, and could therefore retire under the provisions of Senate Bill #16.

The Division called the attention of Board Secretaries to an important provision of Senate Bill #16 - any member who retires to avoid integration with Social Security will subject himself to a Social Security offset if he earns additional quarters of Social Security coverage in public employment in New Jersey after he retires and before he attains 65 years of age. Public employment includes employment for the State of New Jersey or for any county, municipality, school district or public agency in this State, but does not include employment for the Federal Government.

Senate Bill #16 provides that members of the Teachers' Pension and Annuity Fund who were born during the periods indicated below will not be subject to a Social Security offset when they attain 65 years of age if they file a completed Application for Retirement and retire no later than the following prescribed dates.

	<u>File Application for Retirement</u>	<u>Retirement to be effective on or before</u>
MEN born after Jan. 1, 1892 and before July 2, 1893	Before Jan. 1, 1963	July 1, 1963
MEN born after July 1, 1898 and before Jan. 1, 1900	Before Jan. 1, 1963	July 1, 1963
MEN born on or after Jan. 1, 1900	Before Jan. 1, 1964	July 1, 1964

	<u>File Application for Retirement</u>	<u>Retirement to be effective on or before</u>
WOMEN born after Jan. 1, 1892 and before July 2, 1896	Before Jan. 1, 1963	July 1, 1963
WOMEN born after July 1, 1901	Before Jan. 1, 1964	July 1, 1964

Members of the Fund who are covered by this legislation and who must file an Application for Retirement before January 1, 1963, should promptly file a request for an estimate. However, those members who were born in 1900 or later are not required by Senate Bill #16 to retire until July 1, 1964. The Division has asked that those members who are not required to retire until 1964, defer asking for a retirement estimate until the summer of 1963, so that the Division may first devote its efforts to those members who are required to retire by July 1, 1963.

The Division will promptly answer every member's request for a retirement estimate by a post card indicating the priority number which has been assigned to the request: "A" for those who are required to retire in 1963 and "B" for those who are required to retire, under this legislation, in 1964. While there may be several months delay in calculating an estimate for the thousands of members, every member will know the status of his request by periodic announcements of the priority series which have been completed by the Division. All requests for retirement estimates should be forwarded, by mail, to the Chief of the Retirement Bureau, S-16 Program, Division of Pensions, P. O. Box 2058, Trenton, New Jersey.

C. Social Security Administrative Fee

Continued improvement in the reporting of wages to the State Agency for Social Security has enabled us to again reduce the administrative fee which is charged against all participating employers.

Effective July 1, 1962, for the Social Security Wage Reports covering the 3rd calendar quarter of 1962, the Social Security administrative fee to be paid by all participating public employers to the State Agency for Social Security will be decreased from the present 2% of the Social Security Tax liability to 1% of the Social Security Tax with a minimum administrative fee of \$1.00 per quarterly Wage Report and a maximum administrative fee of \$25.00 per quarterly Wage Report.

D. Public Employees' Retirement System Administrative Expense Charge

In the bills which were sent to all participating employers in the Public Employees' Retirement System in November of 1961, there was an administrative expense charge of 2/10 of 1% of the annual salaries of all members. Improved operations in the

administration of the Public Employees' Retirement System have enabled us to eliminate the administrative expense charge from the bill which will be sent to all participating employers in November of 1962, covering employer liability to the Public Employees' Retirement System for the 1963 fiscal year. We want to stress the fact, however, that the administrative expense charge is being eliminated only for the 1963 fiscal year.

SUPPLEMENT NO. 8

PENSION FIELD MANUAL

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- A) Social Security Taxes Effective January 1, 1963
- B) Senate Bill #44 - Members of the Public Employees' Retirement System
- C) Changes in Quarterly Reports of Contributions effective 1st quarter 1963 - Teachers' Pension and Annuity Fund, Public Employees' Retirement System, and Police and Firemen's Retirement System

- A) Effective January 1, 1963, the employee's Social Security Tax rate will be increased from the present 3 1/8% of the first \$4800 of covered wages in a calendar year to 3 5/8% of the first \$4800. The employer's rate will also be increased to 3 5/8% for a combined employer and employee tax liability of 7 1/4% of covered wages.

The Social Security credit for members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System will remain at 2 1/2% of the first \$4800 of base salaries or wages, exactly the same as it is in 1962. The 1/2 of 1% increase in Social Security Tax will, therefore, result in an increased deduction from the pay of all employees who are subject to Social Security Tax, including those employees who are members of either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund. An example of the calculation of pension and Social Security Tax deductions for members of the Teachers' Pension and Annuity Fund or Public Employees' Retirement System is shown below.

The Social Security administrative fee will remain at 1% of the combined 7 1/4% Social Security Tax for employees and employer with a minimum of \$1.00 and a maximum of \$25.00 on each quarterly Social Security Wage Report.

School districts will be required to remit, with their unit 002 Social Security Wage Reports, only the employee tax liability of 3 5/8% of covered base salaries for members of the Teachers' Pension and Annuity Fund; the State will pay the full 3 5/8% employer tax on base salaries of members of the Teachers' Fund.

Please note that the maximum Social Security Tax which should be deducted from any employee's pay by a single employer in the 1963 calendar year will be \$174.00, 3 5/8% of the maximum covered wages of \$4800.

In order to assist all employers in readily determining the Social Security Tax deduction on a given amount of wages, we understand that the Federal Internal Revenue Service is now compiling a chart to show the appropriate tax deduction for various amounts on weekly, bi-weekly, semi-monthly and monthly payrolls. We suggest that you contact your local Internal Revenue office to obtain a copy of these charts to assist you in calculating Social Security Tax liability in the 1963 calendar year.

EXAMPLE - PENSION & SOCIAL SECURITY TAX IN 1963

A 12 month member of the Public Employees' Retirement System or Teachers' Pension and Annuity Fund who has a 1963 calendar year base salary of \$6,000, and a full pension rate of 6.50% will be subject to the following pension and Social Security Tax deductions in 1963:

<u>Month</u>	<u>Base Salary & Wages Paid</u>	<u>Pension Deduction</u>	<u>Social Security Tax</u>
January	\$500.00	\$20.00 ¹	\$18.13 ²
February	500.00	20.00	18.13
March	500.00	20.00	18.13
April	500.00	20.00	18.13
May	500.00	20.00	18.13
June	500.00	20.00	18.13
July	500.00	20.00	18.13
August	500.00	20.00	18.13
September	500.00	20.00	18.13
October	500.00	25.00 ³	10.83 ⁴
November	500.00	32.50 ⁵	0
December	<u>500.00</u>	<u>32.50</u>	<u>0</u>
	\$6,000.00	\$270.00	\$174.00

NOTES:

- 4% (6 1/2% less 2 1/2%) x \$500 monthly salary
- 3 5/8% (.03625) x \$500 monthly salary
- By September 30th member had earned \$4500 base salary; pension deduction on \$300 (\$4800 less \$4500) of October salary computed at net pension rate of 4% and, on \$200 (over \$4800), at the full 6 1/2% pension rate:

$$\begin{aligned} \$300 \times 4\% &= \$12.00 \\ 200 \times 6\ 1/2\% &= \underline{13.00} \end{aligned}$$

October pension ded. \$25.00

- Maximum annual Social Security Tax deduction in 1962 is \$174.00 (3.625% x \$4800)
- Member has exceeded \$4800 base salary in calendar year; pension deduction computed at full rate: (6 1/2% x \$500 monthly salary = \$32.50).

B) Senate Bill #44

On November 29, 1962, Governor Hughes signed Senate Bill #44 which restores to a limited group of older public employees the privilege of retiring before their retirement allowance is integrated with Social Security. Comparable legislation for members of the Teachers' Pension and Annuity Fund, Senate Bill #16, was enacted in July 1962.

Senate Bill #44 applies to MEN who were born:

- (a) After January 1, 1892 and before July 2, 1893
- (b) After July 1, 1898

It applies to WOMEN who were born:

- (a) After January 1, 1892 and before July 2, 1896
- (b) After July 1, 1901

Men who were born before January 2, 1892 or between July 2, 1893 and July 1, 1898, are not covered by Senate Bill #44. Women who were born before January 2, 1892 or between July 2, 1896 and July 1, 1901, are not covered by this legislation.

Employees have questioned why this legislation pertains only to members with prescribed dates of birth. It applies to only those employees who thought they could time their retirement to "avoid" the Social Security offset but were later deprived of this privilege because of amendments to the Federal Social Security Act. Employees who had an "avoidance" date but decided that it was more advantageous for them to continue working beyond that date are not given another opportunity to avoid integration with Social Security by Senate Bill #44.

This legislation pertains to both retired members and active members of the Public Employees' Retirement System who were born on the prescribed dates.

Retired members who were 65 or older, and who were born on the dates indicated in the legislation, were notified by the Division that their future monthly allowances from the Public Employees' Retirement System would not be subject to a Social Security offset. Also, in accordance with the provisions of the legislation, a check was mailed to each of them in December 1962, covering the total amount of all Social Security reductions which had been applied against their retirement allowance since they attained age 65, or since retirement, whichever was later.

Retired members who were not yet 65 years of age, and who were covered by Senate Bill #44 were individually notified by the Division that they would not be subject to a Social Security offset when they became age 65. However, they were also advised that their retirement allowance would be subject to a Social Security offset when they became 65 years of age if they engaged in any public employment in New Jersey after November 29, 1962 (the date Governor Hughes signed Senate Bill #44) and before they became 65 years of age.

In order to notify active members of the Public Employees' Retirement System who have an option to retire by July 1, 1963 or July 1, 1964 to avoid integration with Social Security, the Division asked the cooperation of each public employer in the State. Each employer was sent two copies of a list of all members who will be eligible for Service retirement by July 1, 1964, under the provisions of Senate Bill #44. The employer was asked to give a copy of an explanatory memo addressed to "Members of the Public Employees' Retirement System Who Are Covered by Senate Bill #44", dated December 1962, to each member who was shown on the list. The memo detailed the specific dates of birth which are prescribed in the legislation and indicates whether the member is required to file an Application for Retirement before January 1, 1963 or January 1, 1964, and whether he must retire by July 1, 1963 or July 1, 1964.

Although the list did not include the names of those members who will be eligible for a Deferred retirement allowance or an Early retirement allowance, which respectively require 20 or 25 years of credit in the System, employers were asked to give a copy of the December 1962 memo to all employees who would be eligible for either a Deferred retirement allowance or an Early retirement allowance by July 1, 1964, and could therefore retire under the provisions of Senate Bill #44.

The Division called the attention of employers to an important provision of Senate Bill #44 - any member who retires to avoid integration with Social Security will subject himself to a Social Security offset if he earns additional quarters of Social Security coverage in public employment in New Jersey after he retires and before he attains 65 years of age. Public employment includes employment for the State of New Jersey or for any county, municipality, school district or public agency in this State, but does not include employment for the Federal Government.

Senate Bill #44 provides that members of the Public Employees' Retirement System who were born during the periods indicated below will not be subject to a Social Security offset when they attain 65 years of age if they file a completed Application for Retirement and retire no later than the following prescribed dates:

	<u>File Application for Retirement</u>	<u>Retirement to be effective on or before</u>
MEN born after Jan. 1, 1892 and before July 2, 1893	Before Jan. 1, 1963	July 1, 1963
MEN born after July 1, 1898 and before Jan. 1, 1900	Before Jan. 1, 1963	July 1, 1963
MEN born on or after Jan. 1, 1900	Before Jan. 1, 1964	July 1, 1964
WOMEN born after Jan. 1, 1892 and before July 2, 1896	Before Jan. 1, 1963	July 1, 1963
WOMEN born after July 1, 1901	Before Jan. 1, 1964	July 1, 1964

It is hoped that members of the Public Employees' Retirement System who are covered by this legislation, and who must file an Application for Retirement before January 1, 1963, have already done so. We have received

hundreds of applications but we assure you that we will send retirement quotes to every member who has applied for retirement as soon as we possibly can. If, after receiving the quote the member then wishes to change the option which he indicated on his application or wishes to cancel the application entirely he may do so by writing to the Division prior to July 1, 1963, if that is the effective date of his retirement.

However, those members who were born in 1900 or later are not required by Senate Bill #44 to retire until July 1, 1964. The Division has asked that those members who are not required to retire until 1964, defer asking for a retirement estimate until the summer of 1963, so that the Division may first devote its efforts to those members who are required to retire by July 1, 1963.

The Division will promptly answer every member's request for a retirement estimate by a post card indicating the priority number which has been assigned to the request: "C" for those who are required to retire in 1963 and "D" for those who are required to retire, under this legislation, in 1964. While there may be several months delay in calculating an estimate for the thousands of members, every member will know the status of his request by periodic announcements of the priority series which have been completed by the Division. All requests for retirement estimates should be forwarded, by mail, to the Chief of the Retirement Bureau, S-44 Program, Division of Pensions, P. O. Box 2058, Trenton, New Jersey.

- C) In order to provide a uniform Quarterly Report of Contributions for the three major retirement systems which are administered by this office, namely the Teachers' Pension and Annuity Fund, the Public Employees' Retirement System and the Police and Firemen's Retirement System, there will be minor revisions in the Quarterly Report of Contributions effective with the report covering the 1st quarter of 1963.

The current Quarterly Reports of all of the systems are virtually identical now but the following changes will be made in the columns of the report form as indicated below:

Column 4 - The heading of this column will be P/F, 3%, 4%. The P and F designations are applicable only to the Police and Firemen's Retirement System and indicate whether a particular member is a policeman or a fireman. On reports for the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System either a 3% or a 4% will be shown in this column indicating the rate of interest which is earned on the member's contributions for retirement purposes.

Column 13 - Back Deductions - On the left side of this column we will indicate the number of monthly payments which were outstanding as of the beginning of the calendar quarter. We will also indicate the amount which should be paid on back deductions for the particular quarter.

Column 14 - Loan Deductions - In this column we will also indicate the number of payments outstanding as of the beginning of the calendar quarter and the liability for the particular calendar quarter on repayment of the loan. This column does not apply to the Police and Firemen's

Retirement System because members of that system are not entitled, by statute, to borrow from the retirement system.

Column 15 - Arrears and/or Purchases - In this column we will show the number of monthly payments outstanding at the beginning of the calendar quarter and the amount which should be paid for the particular calendar quarter.

NOTE: The information shown in columns 13, 14 and 15 will be virtually the same as was shown on previous Quarterly Reports of Contribution but we have included information, which we hope will be helpful, indicating the number of payments outstanding at the beginning of the calendar quarter in all 3 columns. However, we wish to call your attention to the fact that the numerical designations of the particular column and their position on the Quarterly Report of Contributions have been altered. For example, Back Deductions, which were previously shown in column 14 on the reports for the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, are now shown in column 13.

Column 16 - There is no change in this column. It will reflect total pension deductions which is the sum of the amounts shown in column 12 for Pension Contributions, column 13 for Back Deductions, column 14 for Loan Deductions and column 15 for Arrears and/or Purchases.

Column 17 - Contributory Death Benefit Deductions - In the Police and Firemen's Retirement System this column was previously designated "Additional Death Benefit Deductions". There will be no change for the Police and Firemen's Retirement System; we will continue to reflect in this column the amount due for the quarter on Additional Death Benefit Coverage for those members who have such coverage. On reports for the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System this is entirely new information which we believe will be helpful to Certifying Agents. We will show the quarterly amounts, in dollars and cents, which should be paid for each member who has contributory insurance coverage, including the entire liability through the last month of the quarter, for a new member or a member who recently transferred to your unit.

Total blocks A and B which previously indicated total salaries of all male and female members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System who had contributory insurance coverage will no longer be shown on the Report of Contributions. The specific contributory insurance deduction for each member will be shown in column 17 and the total of contributory insurance deductions for all male and female members combined will be shown in block H at the bottom of the report form.

Column 18 - Remarks - A similar column was shown on Reports of Contributions for previous quarters in all systems, but we urge that it be used more fully in the future. It is asked that any change in the Report of Contributions, which is made by a Certifying Agent, be fully explained in the Remarks column. If the salary of an individual changes please indicate the new annual salary and the effective date of the change. If a member is granted a leave of absence, show the beginning date of the leave and the specific nature of the leave of absence. If a member terminates employment by resignation, retirement, suspension or dismissal, indicate the nature of the termination and the effective date.

Please be certain that the Certifying Agent signs the Report of Contributions in the upper right hand corner of the first page of the report before it is submitted to this office.

SUPPLEMENT NO. 9

PENSION FIELD MANUAL

- A) Purchase of Service Credit in the Public Employees' Retirement System
- B) Changes in Quarterly Reports of Contributions Effective First Quarter 1963 - Teachers' Pension and Annuity Fund, Public Employees' Retirement System and Police and Firemen's Retirement System
- C) Public Employment in New Jersey after Retirement
- D) Individuals Who Are Members of Both the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System

- A) Purchase of Service Credit in the Public Employees' Retirement System

- 1. Purchase of New Jersey Service

Since 1960, a State employee member of the Public Employees' Retirement System has been permitted to purchase credit in the retirement system for any service that he had rendered to a New Jersey county, municipality or school district before he entered State service. However, the statute provided that the county or municipality in which he had previously been employed would incur no liability to the Public Employees' Retirement System because of the purchase of such service; the employee had to pay the entire cost. Until recently this privilege was limited to State employees.

Chapter 236 of the Laws of 1962, which was approved by Governor Hughes February 21, 1963, now permits any member of the Public Employees' Retirement System (county, municipal, school district, public agency) to purchase credit for eligible public employment which he may have rendered to another public employer in New Jersey before he accepted his present position. Similar to the previous legislation for State employees, the previous employer incurs no liability to the Public Employees' Retirement System because of the purchase; all contributions which are required by the Public Employees' Retirement System must be made by the member himself.

If any of your employees had previous New Jersey employment before being engaged by your unit, and they do not now have credit for such service in the Public Employees' Retirement System, we will gladly calculate the cost of the purchase of such service. Interested employees should write to Edwin Kozik, Assistant Chief of the Purchase

Bureau of the Division of Pensions, detailing the name of their previous employer, the title of their position and the inclusive dates of employment.

In general, veteran members of the Public Employees' Retirement System have already received credit for all employment in New Jersey prior to January 1, 1955 with their present employer and also with any other New Jersey public employer.

Non-veterans, generally, have received credit for all service which they rendered to their present employer before the Public Employees' Retirement System was adopted by referendum.

2. Purchase of out-of-state service

Some of your employees who are members of the Public Employees' Retirement System may have worked in public employment in other states before they enrolled in the Public Employees' Retirement System. Although members of the Teachers' Pension and Annuity Fund have been permitted to purchase credit for out-of-state teaching service for some years, members of the Public Employees' Retirement System have not previously had an opportunity to buy credit for public employment outside New Jersey.

On April 19, 1963, Governor Hughes signed legislation, Chapter 19, P.L. 1963, which now permits a member of the Public Employees' Retirement System to purchase credit in the Public Employees' Retirement System for a maximum of 10 years of public employment which he rendered in any other state or in any county, municipality or school district outside New Jersey before he became a member of the Public Employees' Retirement System.

Any member of the Public Employees' Retirement System who wishes to purchase credit for public employment in other states should write to Edwin Kozik, Assistant Chief of the Bureau of Purchases of the Division of Pensions indicating his desire to purchase such credit. Mr. Kozik will send the employee the appropriate forms to forward to his out-of-state employer. The employer may then substantiate such employment and give us the necessary information regarding salaries and the inclusive dates of employment.

We wish to stress, however, that the statute provides that no member will be permitted to purchase credit for any service for which he has a vested right to retirement benefits in another retirement system. Also, the legislation does not permit the purchase of credit for service with the Federal Government.

The Division of Pensions will calculate the cost of purchase and will notify the member of the lump sum cost or, at his request, will schedule payments by extra payroll deductions.

B) Changes in Quarterly Reports of Contributions Effective First Quarter 1963 - Teachers' Pension and Annuity Fund, Public Employees' Retirement System and the Police and Firemen's Retirement System.

1. Termination of Employment

In supplement #8 to the Pension Field Manual, dated January 1, 1963, we indicated several changes in the Quarterly Report of Contributions which would be effective the first quarter of 1963. There are two additional changes which were not discussed in the previous supplement.

In the past, if one of your employees died, resigned or otherwise terminated employment during a particular calendar quarter you gave us this information in the remarks column of the Quarterly Report of Contributions. However, if we had received pension contributions for any part of that calendar quarter we listed the employee's name and all pertinent information regarding salary, rate, etc., on the Quarterly Report of Contributions for the next calendar quarter. The Certifying Agent then had to cross out the entire line entry for the employee and again advise us in the remarks column that the member had terminated employment during the previous calendar quarter. We had followed such a procedure in order to be certain of the validity of the remark and in order to guarantee that we did not prematurely delete the name of a member from a Report of Contributions and thereby make it possible for a particular member to lose pension credit to which he was entitled.

We have now had several years experience with the Quarterly Report of Contributions in the several systems and we feel that it would be more advantageous to both the Certifying Agents and this office if we were to immediately honor any remarks regarding termination of employment which a Certifying Agent may show on a Quarterly Report of Contributions. If an employee resigns, dies, retires or leaves his position for any reason during a particular calendar quarter and if you give this information to us in the remarks column of the Quarterly Report of Contributions we will not show the employee's name, or any related information, on subsequent Quarterly Reports of Contributions.

However, if an employee is granted a leave of absence without pay, we will continue to follow our present procedure - his name will be listed on the next Quarterly Report of Contributions if we receive any contributions for any month of the current calendar quarter. If we do not receive any pension contributions in a calendar quarter for an employee who is on a leave of absence we will not show his name on the next Quarterly Report of Contributions.

2. Retroactive Salary Increases

If an employee receives a retroactive salary adjustment, the employer is asked to show in column 8 of the Quarterly Report of Contributions the sum of (a) the new quarterly base salary and (b) the difference between the new quarterly salary and the salary which had been reported for the previous calendar quarter. The merger of these 2 items enables us to determine the pension contributions which are due on the revised salary.

However, the employer must also revise column 8 of the Quarterly Report of Contributions for the next calendar quarter to show only the correct quarterly salary rather than the inflated figure which includes the retroactive increase. In other words, if an employee receives a retroactive salary increase the employer has had to revise the Report of Contributions for not only the quarter in which the retroactive increase was granted but also the report for the next calendar quarter.

In the future, if one or more of your employees is granted a retroactive increase the present procedure regarding the revision of column 8 to include the new quarterly salary plus the difference for previous quarters will still pertain. However, if you will also show in the remarks column of the report the quarterly base salary which you wish to appear on the next Quarterly Report of Contributions we will accept that quarterly salary figure and reflect it in column 8 of the next quarter's report.

The procedure which is outlined in the previous paragraph should be used only in the case of a retroactive salary increase.

Reports of Changes are sent to employers at the beginning of the calendar year or school year, as appropriate, and we definitely wish to continue the use of these Reports of Changes to reflect any mass salary changes.

C. Public Employment in New Jersey after Retirement

Assembly Bill #689 which was approved March 1, 1963 (Chapter 248, P.L. 1962) now permits retired public employees to earn \$1800 in part-time public employment in New Jersey in a calendar year without the loss of the pension portion of their retirement allowance. Previously, the statutory limitation was \$1200 in part-time employment in the calendar year.

If the State of New Jersey or any county, municipality, school district or public agency in New Jersey employs an individual who is receiving a retirement allowance for service in public employment in New Jersey, or in any other state, the following regulations are applicable:

1. If you employ the individual in a part-time position the employee must notify this office (or the appropriate office which is paying him public pension) that he has accepted public employment in New Jersey. And, the employee must again notify the agency which is paying the pension, shortly before his earnings reach \$1800 in a calendar year, so that the retirement system may terminate the pension portion of his retirement allowance for the remainder of the calendar year while he continues public employment; he will continue to receive the annuity portion (when so designated) of his retirement allowance which is based on his own contributions unless his employment requires his reenrollment in the retirement system.

As you know, any veteran who earns more than \$500 per year is required to enroll in the Public Employees' Retirement System or the Teachers' Fund, as appropriate to his position, and any non-veteran who earns \$500 or more per year in a permanent position, even though it is part-time, is also required to enroll.

2. If you employ the individual in a full-time position the employee must immediately notify this office. He is not entitled to the pension portion of his retirement allowance for the entire period of time that he continues in public employment in New Jersey.

If the full-time position now requires his reenrollment in the Public Employees' Retirement System the entire retirement allowance, both the pension and annuity portions, will be suspended for the period he continues in full-time public employment in New Jersey.

Although this legislation now permits a retired public employee to earn \$1800 in part-time public employment in New Jersey without the loss of the pension portion of his retirement allowance, public employment after retirement has other implications for those members of the Teachers' Fund or the Public Employees' Retirement System who retired to avoid integration with Social Security. A member of either the Teachers' Fund or the Public Employees' Retirement System who is not yet 65 years of age may very well subject himself to a Social Security offset at age 65 if he earns any quarters of Social Security coverage as a public employee in New Jersey after retirement. The earning of as little as \$50.00 in a calendar quarter constitutes a quarter of coverage for Social Security purposes. Any employee who retired from either the Teachers' Fund or the Public Employees' Retirement System before he had earned Social Security coverage as a public employee, or who retired under the provisions of Senate Bills #16 or #44 may subject himself to a Social Security offset if he accepts any public employment in New Jersey after retirement and before he attains 65 years of age.

D) Individuals Who Are Members of Both the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System

There are a few individuals who are members of both the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System. For example, a teacher who is a member of the Teachers' Fund may also hold a part-time elective or appointive position with the county or municipality where he resides.

Until recently, because both the Teachers' Fund and the Public Employees' Retirement System are integrated with Social Security, such an individual was allowed a Social Security credit in determining his pension contributions to each retirement system. Presumably, when he retired he would then be subject to a Social Security offset against the retirement allowance from each retirement system.

On May 27, 1963, Governor Hughes signed companion legislation for the Teachers' Fund and the Public Employees' Retirement System, A 580 and A 581, which provided that the Social Security credit during contributing membership and the Social Security offset at retirement will be prorated by the two retirement systems for an individual who is a member of both the Teachers' Fund and the Public Employees' Retirement System.

The Division of Pensions is aware of a few individuals in the State who hold dual positions which require their enrollment in both the Teachers' Fund and the Public Employees' Retirement System. However, since the records of the two retirement systems are maintained separately we are not certain that we have identified each individual who holds dual positions which require his membership in both the Teachers' Fund and the Public Employees' Retirement System. Therefore, we ask the assistance of all Certifying Agents in advising us of the name of any employee who, to the knowledge of the Certifying Agent, holds two such positions.

If any of your teaching, janitorial or school administrative employees, who are members of the Teachers' Fund, may possibly be members of the Public Employees' Retirement System because they hold another position, including elective or appointive positions with the State, any county, municipality, school district or public agency (Parking, Housing and Sewerage Authorities etc.), or vice versa, please bring this legislation to the individual's attention,

If you find that he is a member of both the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund it is asked that you promptly advise Mr. John A. McGarrity, Assistant Director of the Division of Pensions, so that the Division of Pensions may promptly adjust his contributions to the two retirement systems. Any delay in notifying the Division of the name of any such individual will only increase the employee's liability to the retirement system for the period in which he has been a member of both systems. In any case, the employee's liability to both the Teachers' Fund and the Public Employees' Retirement System will have to be fully paid before he retires so that he will be subject to a Social Security offset against the combined retirement allowances of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System.