

(b) Death benefits shall be based on the base salary upon which contributions to the Annuity Savings Fund were actually made during the 26 biweekly pay periods immediately preceding the member's death, plus maintenance received by the member concurrent with such salary. The salary, in the biweekly pay period in which no salary was paid, shall be counted as zero.

(c) If a member dies during the first year following his date of enrollment, the insurance benefit shall be 3 ½ times the average compensation on which he contributed or would have contributed immediately prior to his death, plus the maintenance received by the member concurrent with such salary.

(d) Where a post-audit of insurance claim payments indicates the pension contributions reported by an employer were incorrect and resulted in the overpayment of an insurance claim to the member's designated beneficiary or estate, the employer will be billed for the value of the overpayment of the insurance benefits. Where post-audits establish the insurance benefits were underpaid, an additional check would be sent to the beneficiary for the value of the underpayment.

(e) Refunds of a deceased member's pension contributions will be made to the member's designated beneficiary or the employer after written confirmation is received from the employer setting forth the reason for the refund of pension contributions to either the beneficiary or to the employer.

(f) Members who prove their insurability for the group life insurance benefits shall have their insurance benefit calculated on the basis of the salary upon which pension contributions were based or received during their last 26 biweekly pay periods of service prior to death, regardless of their effective date of insurance coverage.

(g) In computing the salary upon which pension contributions were based during the member's last year of service, a total of 26 biweekly pays will be used including any retroactive salary payments made within the prescribed period. The total salary will be adjusted by multiplying the total by the factors supplied by the actuary; such adjustment will compensate for State biweekly payroll schedules.

(h) If a member was reported on a biweekly basis on any combination of 10 and 12-month contract years, the last year's salary prior to death or retirement shall be determined on a proportional basis. The biweekly pay periods for which no contributions were made shall be counted as zero.

17:5-2.2 Survivor benefits

(a) Payment of pension benefits to eligible survivors shall become effective on the first of the month of the member's death and shall terminate as of the month in which the survivor no longer qualifies for such benefits.

(b) In the instance of survivors of members who die in service, the initial pension payment will be for the month following the month in which the member died, and the last payment will cover the month immediately preceding the month the survivor dies or ceases to qualify for the continuance of benefits.

17:5-2.3 Proof of insurability

When proof of insurability is required, the member's opportunity to prove such insurability shall expire one year (12) months from the date the initial written notice is sent advising him that he must prove insurability by taking a medical examination.

17:5-2.4 (Reserved)

17:5-2.5 Leave for illness

Coverage during a leave of absence without pay due to illness shall apply only to the personal illness of the member. A leave of absence on account of another person's illness will not entitle the member to continue insurance coverage.

SUBCHAPTER 3. MEMBERSHIP

17:5-3.1 Creditable salary

(a) "Earnable compensation" or the phrase "compensation upon which contributions by the member to the Annuity Savings Fund were based" shall not include retroactive salary adjustments if the increases are not of a normal, overall, published program of increases.

(b) Bonus or overtime payments are not to be considered for such purpose.

(c) Longevity, terminal leave or vacation payments will not be considered if paid in a lump sum or other than as a regular salary disbursement.

(d) All claims involving an increase in compensation of more than 15 percent over that of the previous year, as reported to the retirement system, shall be investigated. Those cases where a violation of the statute is suspected shall be referred to the board.

17:5-3.2 Revaluation

(a) If a member is off the payroll for a period of eight months or less, any loan or arrearage outstanding will have the ending date of the loan or arrearage extended to cover the period off the payroll.

(b) In the event the member is off longer than eight months, the loan or arrearage will be revalued and an additional interest charge made.

17:5-3.3 Deductions

(a) A member shall receive credit toward retirement for any payroll period in which a full normal pension deduction has been received by the retirement system.

(b) A full deduction is required in all instances where the salary exceeds the amount of normal deduction.

(c) Credit, as established in the retirement system, will be reduced by breaks in service, and leaves or absences without pay, the total of such credit adjusted to the nearest month.

17:5-3.4 Minimum adjustment

In order to facilitate the reconciliation of a member's account no rebates or additional contributions shall be made where an adjustment involves an amount of \$3.00 or less.

17:5-3.5 Suspension

(a) A suspended member will have insurance coverage continued for the period of the suspension, terminated by resignation or dismissal.

(b) No retirement deductions will be made during such a break in service, nor will any retirement credit accrue.

(c) If, during the period of suspension or at the conclusion of the penalty period, adjustment is made in favor of the member, the board may allow the payment of pension deductions to reflect the lesser penalty or the entire elimination of the suspension.

17:5-3.6 Military leave

At the withdrawal of a member for whom contributions were made during a military leave, the military contributions will not be paid if he did not return to the payroll and resume contributions for a period of 90 days. The contributions would in such instance be transferred from the Annuity Savings Fund to the Pension Accumulation Fund.

17:5-3.7 Eligibility for loan

Only an active contributing member of the system may exercise the privilege of obtaining a loan and the maximum loan shall be 50 percent of the accumulated deductions posted to the member's account.

17:5-3.8 Termination; withdrawal

(a) Under the terms of the statutes a member may withdraw from the system only if he terminates all employment. No application shall be approved if:

1. The member is on official leave of absence;
2. The member certifies that his employment has not ended or that he has taken another position subject to coverage;

3. The member has been dismissed or suspended from employment. In this event, such a member will be eligible to withdraw if he has formally resigned from his position or there is no legal action contemplated or pending and the dismissal has been adjudged final.

4. The member has a claim pending for Workers' Compensation benefits.

SUBCHAPTER 4. PURCHASES AND ELIGIBLE SERVICE
17:5-4.1 Eligibility for purchase

Only active contributory members of the system shall be eligible to make application for purchase of credit.

17:5-4.2 Optional purchases of eligible service

(a) The types of purchases indicated below will be calculated on the basis of the actuarial factor established for the member's age at the time of the purchase times his current salary:

1. Former State Police Retirement System membership credit: Service covered by former membership in this system will be included in the computation of retirement benefits in the same manner and value as current service. All the service from a former membership must be included in the purchase of such service.

2. Former membership service established in another State supported retirement system: Such service cannot be used to qualify former members of the State Police Retirement and Benevolent Fund for retirement under the minimum service requirements of 20 years at age 50 or "Special Retirement." All the service from a former membership must be included in the purchase of such service.

3. Leaves of absence:

- i. All of the period of the leave for personal reasons which does not exceed two months.
- ii. All of the period of the leave up to two years for personal illness or maternity.

17:5-4.3 Methods of repayment

(a) Methods of repayment include the following:

1. Lump sum;
2. Partial lump sum of \$250.00 or more; balance by extra payroll deductions;
3. Extra deductions equal to at least one-half of the full regular pension deduction for a maximum period of 10 years;

4. Extra payroll deductions will include regular interest for the term of the installment.

SUBCHAPTER 5. RETIREMENT

17:5-5.1 Applications

(a) Applications for retirement must be made on forms prescribed by the system. Such forms must be completed in all respects and filed with the system before the requested date of retirement.

(b) In the event a member files an incomplete application, the deficiency shall be brought to his or her attention and he or she will be required to file a completed application with the system to enable acceptance for processing.

(c) Before an application for retirement may be accepted for processing, it must be supported by a certificate from the Division of State Police setting forth the employment termination date and the salaries reported for contributions in the member's final year of employment.

17:5-5.2 Effective dates; changes

(a) A member shall have the right to withdraw, cancel or change an application for retirement at any time before his retirement allowance becomes due and payable; thereafter, the retirement shall stand as approved by the board.

(b) Except in the event of deferred retirement, if a member requests a change in his retirement application before his retirement allowance becomes due and payable, said change will require approval of the board and the revised retirement allowance shall not become due and payable until 30 days have elapsed following the effective date or the date the board met and approved the change in the member's retirement application, whichever is later.

(c) If the applicant should die within 30 days following the date the board of trustees approved the revised application, the member shall be considered to be retired on the basis of the originally approved application for retirement, provided that the initial 30-day requirement was satisfied.

(d) A deferred retirement shall become effective on the first of the month following the member's 55th birthday.

(e) In the case of deferred retirement, if an applicant desires to amend his retirement application, the amended application must be filed with the system a minimum of one month prior to his effective date of retirement.

(f) Should the member continue to receive a salary for services rendered beyond the effective date of retirement after approval of the retirement by the Board of Trustees, no retirement benefits shall be paid for the period where

the member received salary and no salary or service credit shall be provided for the service rendered after the approved, effective date of retirement.

17:5-5.3 Effective date; death prior thereto

(a) A member's retirement allowance shall not become due and payable until 30 days after the date the board approved the application for retirement or 30 days after the date of the retirement, whichever is later.

(b) A member who files an application for retirement and whose insurance coverage has not lapsed prior to filing the retirement application is covered under the insurance program as an active member in the event of death prior to the date the retirement allowance becomes due and payable.

17:5-5.4 Willful negligence

(a) Willful negligence is defined as:

1. Deliberate act or deliberate failure to act; or
2. Such conduct as evidences reckless indifference to safety; or
3. Intoxication operating as the proximate cause of injury.

17:5-5.5 Outstanding loan

(a) Any member who has an outstanding loan balance at the time of retirement shall repay the loan balance, with interest, as follows:

1. In full as provided by N.J.S.A. 53:5A-29; or
2. By retention of retirement payments, excluding authorized deductions by the retirement system, until the loan balance, with interest is repaid.
 - i. Authorized deductions include Federal tax liens, health benefit premiums, and Federal income tax withholding. If the member does not request repayment in full, repayment shall be made by retention of retirement benefits.

(b) A member who retires on a disability pension or because of medical illness or disability as determined by the Board of Trustees with an outstanding loan balance may repay the balance as follows:

1. In the manner prescribed in (a) above; or
2. By deductions from retirement benefit payments of the same monthly amount deducted from the member's compensation immediately preceding retirement until the loan balance, with interest, is repaid.
 - i. If a member who retires on a disability pension does not request another repayment option, repayment is by deductions in the same monthly amount deducted from the member's compensation immediately preceding retirement.

(c) A member whose retirement is other than a disability retirement and who wants to establish that the retirement is necessitated by medical illness or disability shall submit a retirement application containing identifying information acceptable to the retirement system together with a report of the member's personal or attending physician and all other physicians' reports, hospital records or other medical evidence which the member can supply pertaining to the illness or disability. The medical evidence shall be sufficient to show to the satisfaction of the Board of Trustees that the member is totally and permanently disabled and would qualify on a medical basis for ordinary disability retirement. The Board may require the member to be examined by a physician designated by the retirement system, and may refer the medical evidence to the medical panel for its report on whether the member is totally and permanently disabled and retirement is necessitated by medical illness or disability.

(d) If a retirant dies before the loan balance, with interest, is repaid, the remaining balance shall be paid first from the pension system group life insurance proceeds, and then from the proceeds of any returned contributions payable on account of the retirant to the beneficiary or estate and then from the proceeds of any surviving spouse benefit. If multiple beneficiaries are to receive these benefits, each beneficiary shall share in repaying the remaining balance in the same proportion in which they are entitled to the benefits.

Amended by R.1997 d.29, effective January 21, 1997.
See: 28 N.J.R. 4385(a), 29 N.J.R. 377(a).

Added (a)2i; rewrote (b); and added (c) and (d).

17:5-5.6 Retirement credit

(a) A member shall receive credit toward retirement for any biweekly payroll period in which a full normal deduction is received by the system.

(b) A member who appeals the suspension or termination of his or her employment and is awarded back pay for all or a portion of his or her employment for the period of such suspension or termination shall receive retirement credit for the period covered by the award, regardless of the amount of the back pay awarded, provided a full normal pension contribution is received from the member or deducted from the value of the award. The amount of the pension contribution will be determined by the provisions of the award. If the member receives full back pay, including normal salary increases, then the contribution will be computed on the base salaries that the employee would have earned for the reinstated suspended or terminated period. When the settlement is less than the full back pay, the pension contribution will be based upon the salary that the member was receiving for pension purposes prior to the suspension or termination of employment. In the event that the amount of back payment is insufficient to deduct the value of the normal pension contributions due, such contribution shall be paid by the member.

(c) It is the responsibility of the certifying officer to provide a letter attesting to the base salary or salaries to be used to compute pension contributions and to provide a copy of the resolution or legal document that details the terms of the settlement.

17:5-5.7 Disability determination

(a) A member for whom an application for accidental disability retirement allowance has been filed by the member, by his employer or by one acting in behalf of the member, will be retired on an ordinary disability retirement allowance if the board finds that:

1. The member was under the normal retirement age at the time of filing application for a disability retirement allowance; and
2. The member is physically or mentally incapacitated for the performance of duty and such incapacity is likely to be permanent; and
3. The member is not eligible for accidental disability since the incapacity is not a direct result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties; and
4. The member meets the service requirement for ordinary disability.

17:5-5.8 (Reserved)

17:5-5.9 Determination of final compensation

(a) In computing the salary upon which pension contributions were based during the member's last year of service, a total of 26 biweekly pays will be used including any retroactive salary payments made within the prescribed period. The total salary will be adjusted by factors supplied by the actuary to compensate for State biweekly payroll schedules.

(b) If a member was reported on a biweekly basis on any combination of 10- and 12-month contract years, the last year's salary prior to death or retirement shall be determined on a proportional basis. The biweekly pay periods for which no contributions were made shall be counted as zero.

17:5-5.10 Employer application; employee notice

(a) If an application for an accidental disability retirement benefit or for an ordinary disability retirement benefit is filed by an employer for one of his employees, the member will be promptly notified by letter that:

1. His employer has initiated a disability application, on the member's behalf;
2. His employer has certified that the member is permanently and totally disabled for the continued performance of duty and, if appropriate;

3. His employer has certified that the member should be retired as a direct result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties;

4. He has a period of 30 days to contest his involuntary retirement before the board acts on his employer's application;

5. He will be required to appear for an examination before a physician designated to conduct such an examination for the retirement system;

6. In the event the board finds that he is totally and permanently incapacitated for the performance of duty, and shall be granted the retirement allowance prescribed by the statute; and

7. In the event the board finds that he is not totally and permanently disabled for the performance of duty, the employer shall be so advised that the application has been rejected.

17:5-5.11 Service retirement; eligibility

A member becomes eligible for "service" retirement on the first of the month following the month in which the

member satisfies the conditions of retirement for age and service.

17:5-5.12 Disability retirant; annual report

(a) Where applicable, the total earnings permitted without reduction of pension is the difference between the retirement allowance and the salary now attributable to the member's former position in the Division of State Police.

(b) The pension will be reduced to an amount which, together with the earnings, will equal the salary now attributable to the former position in the Division of State Police. The annuity portion of the allowance will not be reduced.

(c) Reported earnings at the end of a calendar year will be the basis for pension reduction in the following calendar year. The reduction in pension, if any, will follow the testing on an April 1 to the following April 1 basis.

(d) "Salary now attributable to his former position" will mean the actual annual salary the employee would be receiving if he were reinstated to such position.

17:5-5.13 Compulsory retirement

Compulsory retirements will be effective on the first day of the month following the month in which the member attains the condition of compulsory retirement. The mandatory retirement age of 55 years can, at the option of the member, be extended to the date he accumulates 25 years of creditable service from all sources. In such an instance, the compulsory retirement date will be the first day of the month following the completion of such service.

17:5-5.14 Employer and employee notices

If an applicant for accidental disability retirement is found to be physically or mentally incapacitated for the performance of duty but is rejected for accidental disability retirement because the board finds that the disability was not a direct result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties, and if the applicant does not meet the minimum statutory requirements for any other type of retirement allowance, the system will notify both the member and his employer that the member was found to be physically or mentally incapacitated for the continued performance of duty, as was previously certified to the system by both the employee and his employer. Both the employer and the employee will also be advised that a copy of such notice will be placed in the member's file and will be given full consideration in any future claim for disability retirement benefits.

17:5-5.15 Medical examinations; physicians

Where the statute prescribes that a physician be designated by the system to perform a medical examination, such physician shall be selected from the current membership directory of the Medical Society of New Jersey and the New Jersey Association of Osteopathic Physicians and Surgeons; however, in the cases of those members whose personal physician has identified them as having a probable abbreviated life expectancy, such "imminent death" cases may be processed without the necessity of an examination by a physician designated by the system if corroborating medical evidence of the diagnosis can be obtained.

SUBCHAPTER 6. TRANSFERS**17:5-6.1 Interfund transfers; other State systems**

(a) Interfund transfers between State-administered pension funds are permitted by reciprocal transfer arrangements. Such transfers would not apply where the member has credit in the present system for service after the date of enrollment in the new system or where a person has ceased to be a member of the present system before establishing sufficient service credit to be eligible for deferred retirement.

(b) Membership credit so transferred shall be included in the computation of a retirement allowance. Such credits cannot be used to satisfy the statutory requirements of those benefits which specifically require a minimum number of years of creditable service as a State police employee.

(c) The system will transfer membership to any State-administered system as follows:

1. A member, desiring to transfer his or her credit to any State-administered system must file an application for "Transfer of Membership Credit" in place of the customary application for withdrawal of accumulated contributions. This application will void all possible claims against the present system when approved and the new membership shall commence in the new system.
2. A check covering the member's accumulated contributions, full interest included, less any outstanding loan, shall be drawn payable to the new system for the account of the respective member. Any outstanding loan or arrears obligation will be scheduled for repayment.
3. A statement reflecting the member's status as of the date of transfer shall accompany the check.
4. The member shall enjoy the same service credits established in the present system, subject to the provisions of the new system.
5. A copy of the transfer application, together with a check covering the withdrawal value and a statement of the service credits being transferred, is to be forwarded to the new system.

(d) The present system will cause to be valued the reserves accrued to such employee as compared to the reserves required in the new system.

1. If the reserves accumulated or provided for in the present system are less than those required in the new system, the full reserve will be transferred.
2. If the reserves accumulated or provided for in the present system are more than those required in the new system, only the amount required to establish the credit will be transferred.

(e) Years of credit will be subject to the benefit formula of the new system after transfer.

(f) A member who makes a timely transfer in accordance with N.J.S.A. 43:2-1 et seq. will contribute to the new system at a rate based on his or her age at the time of enrollment in the present system and no refund of pension contributions will be made except for those contributions made by veterans covering service prior to January 1, 1955, where applicable. The contribution rate for a member granted a deferred retirement in the present system who makes a timely transfer at the time of enrollment in the new system will be determined in accordance with the rules concerning enrollment after deferred retirement in the new

system. A member who does not make a timely transfer will contribute to the new system at a rate based on his or her age at the time of enrollment in the new system.