

43:13-22.67 to 43:13-22.68

LEGISLATIVE HISTORY CHECKLIST

NJSA: 43:13-22.67 to 43:13-22.68

(Municipal employees--
Retirement system--
provide for pension loans

LAWS OF: 1987

CHAPTER: 171

Bill No: S1746

Sponsor(s): Cowan

Date Introduced: February 24, 1986

Committee: Assembly: State Government

Senate: State Government Federal & Interstate Relations
and Veterans Affairs

Amended during passage: Yes Amendments during passage denoted
by asterisks

Date of Passage: Assembly: May 21, 1987

Senate: June 23, 1987

Date of Approval: July 9, 1987

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

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SENATE, No. 1746

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 24, 1986

By Senator COWAN

Referred to Committee on State Government and Federal and
Interstate Relations and Veterans Affairs

AN ACT concerning loans to members of a municipal employees' retirement system created under P. L. 1964, c. 275 and supplementing P. L. 1964, c. 275 (C. 43:13-22.50 et seq.).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Any member who has at least three years of service credit
2 for which contributions have been made as a member may borrow
3 from the retirement system an amount equal to not more than 50%
4 of the amount of the member's aggregate contributions, but not
5 less than \$1,000.00; provided that the amount borrowed, together
6 with interest, can be repaid by additional deductions from salary
7 which do not exceed 25% of the member's salary at the time the
8 loan is made. The amount so borrowed, together with interest at
9 a rate fixed by the commission on any unpaid balance, shall be re-
10 paid to the retirement system in equal installments by deduction
11 from salary or in another manner and in amounts which the com-
12 mission shall approve; but the installments shall be at least equal
13 to the member's contribution to the retirement system and at least
14 sufficient to repay the amount borrowed with interest at the con-
15 clusion of a term fixed by the commission or by the time the mem-
16 ber attains age 70. No more than two loans may be made to any
17 member in any 12-month period.

18 Interest charged for loans to members shall be fixed by the com-
19 mission at a rate equal to the current rate of interest paid by
20 United States Treasury bills or 10%, whichever is greater. The

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

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendments adopted February 2, 1987.

21 interest earned from loans to members shall be treated in the same
22 manner as interest from investments of the retirement system.

1 2. Notwithstanding any other law affecting the salary or com-
2 pensation of a borrowing member to the contrary, the additional
3 deductions required to repay the loan shall be made. Any unpaid
4 loan balance at the time any benefit may become payable before the
5 attainment of age 70 shall be deducted from the benefit otherwise
6 payable. If any member retires without repaying the full amount
7 borrowed, the commission shall retain the retirement benefit pay-
8 ments of the member, excluding authorized deductions, as repay-
9 ment of the loan until the aggregate amount of retirement benefit
10 payments is equal to the outstanding balance of the loan together
11 with interest, at which time retirement benefit payments shall be
12 paid to the member. If a retired member dies before the outstand-
13 ing balance of the loan and interest has been repaid, the remaining
14 balance shall be repaid from the proceeds of any other benefits
15 payable on the account of the member, such as monthly payments
16 **to** the member's beneficiaries or lump sum payments for pension
17 or group life insurance.

1 3. This act shall take effect ***[on September 1, 1986]*** **im-*
2 *mediately**.

PENSIONS AND RETIREMENT — PERS, TPAF, OTHER
Permits members of a municipal employees' retirement system
created under P. L. 1964, c. 275 to borrow from the system, and
specifies the terms of the loans.

SENATE, No. 1746

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 24, 1986

By Senator COWAN

Referred to Committee on State Government and Federal and
Interstate Relations and Veterans Affairs

AN ACT concerning loans to members of a municipal employees'
retirement system created under P. L. 1964, c. 275 and supple-
menting P. L. 1964, c. 275 (C. 43:13-22.50 et seq.).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Any member who has at least three years of service credit
2 for which contributions have been made as a member may borrow
3 from the retirement system an amount equal to not more than 50%
4 of the amount of the member's aggregate contributions, but not
5 less than \$1,000.00; provided that the amount borrowed, together
6 with interest, can be repaid by additional deductions from salary
7 which do not exceed 25% of the member's salary at the time the
8 loan is made. The amount so borrowed, together with interest at
9 a rate fixed by the commission on any unpaid balance, shall be re-
10 paid to the retirement system in equal installments by deduction
11 from salary or in another manner and in amounts which the com-
12 mission shall approve; but the installments shall be at least equal
13 to the member's contribution to the retirement system and at least
14 sufficient to repay the amount borrowed with interest at the con-
15 clusion of a term fixed by the commission or by the time the mem-
16 ber attains age 70. No more than two loans may be made to any
17 member in any 12-month period.

18 Interest charged for loans to members shall be fixed by the com-
19 mission at a rate equal to the current rate of interest paid by
20 United States Treasury bills or 10%, whichever is greater. The

21 interest earned from loans to members shall be treated in the same
22 manner as interest from investments of the retirement system.

1 2. Notwithstanding any other law affecting the salary or com-
2 pensation of a borrowing member to the contrary, the additional
3 deductions required to repay the loan shall be made. Any unpaid
4 loan balance at the time any benefit may become payable before the
5 attainment of age 70 shall be deducted from the benefit otherwise
6 payable. If any member retires without repaying the full amount
7 borrowed, the commission shall retain the retirement benefit pay-
8 ments of the member, excluding authorized deductions, as repay-
9 ment of the loan until the aggregate amount of retirement benefit
10 payments is equal to the outstanding balance of the loan together
11 with interest, at which time retirement benefit payments shall be
12 paid to the member. If a retired member dies before the outstand-
13 ing balance of the loan and interest has been repaid, the remaining
14 balance shall be repaid from the proceeds of any other benefits
15 payable on the account of the member, such as monthly payments
16 the member's beneficiaries or lump sum payments for pension or
17 group life insurance.

1 3. This act shall take effect on September 1, 1986.

STATEMENT

This bill allows members of a municipal employees' retirement system created under P. L. 1964, c. 275 (C. 43:13-22.50 et seq.) to borrow from the system, and specifies the terms of the loans to be made.

PENSIONS AND RETIREMENT — PERS, TPAF, OTHER
Permits members of a municipal employees' retirement system created under P. L. 1964, c. 275 to borrow from the system, and specifies the terms of the loans.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1746

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 2, 1987

The Assembly State Government Committee reports favorably and with committee amendments Senate Bill No. 1746.

This bill allows a member of a municipal employees' retirement system of a city of the first class having a population of less than 300,000 inhabitants (the Employees' Retirement System of Jersey City currently is in this category) to borrow from the system. The bill specifies that a member shall have at least three years' service credit; may borrow up to 50% of aggregate contributions, but not less than \$1,000.00; and shall not have more than two loans in any 12-month period.

Interest charged for loans shall be fixed by the retirement system's pension commission, which is responsible for overseeing the system's affairs, at a rate equal to the current rate of interest paid by United State Treasury bills or 10%, whichever is greater.

COMMITTEE AMENDMENTS:

The committee amended the bill to supply a missing word and to revise the effective date.

SENATE STATE GOVERNMENT AND FEDERAL AND
INTERSTATE RELATIONS AND VETERANS AFFAIRS
COMMITTEE

STATEMENT TO

SENATE, No. 1746

STATE OF NEW JERSEY

DATED: JUNE 9, 1986

The Senate State Government Committee reports favorably Senate Bill No. 1746.

This bill allows a member of a municipal employees' retirement system of a city of the first class having a population of less than 300,000 inhabitants (the Employees' Retirement System of Jersey City currently is in this category) to borrow from the system. The bill specifies that a member: shall have at least three years service credit; may borrow up to 50% of aggregate contributions, but not less than \$1,000.00; and shall not have more than two loans in any 12 month period.

Interest charged for loans shall be fixed by the commission at a rate equal to the current rate of interest paid by United States Treasury bills or 10%, whichever is greater.