

18A: 66-35 and 18A: 66-35.1

LEGISLATIVE HISTORY CHECKLIST

NJSA 18A:66-35 and 18A:66-35.1 (TPAF--pension loans--remove upper age limit for borrowing)

LAWS 1981 CHAPTER 212

Bill No. S1215

Sponsor(s) Lipman and Cafiero

Date Introduced April 17, 1980

Committee: Assembly State Govt., Federal & Interstate Relations & Veterans Affairs

Senate State Govt., Federal & Interstate Relations & Veterans Affairs

Amended during passage Yes No Amendments during passage denoted by asterisks.

Date of Passage: Assembly May 14, 1981

Senate Nov. 24, 1980

Date of approval July 20, 1981

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate ~~Yes~~ No

Fiscal Note ~~Yes~~ No

Veto Message ~~Yes~~ No

Message on signing ~~Yes~~ No

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

S.27 (1980) (noted in Assembly committee statement)--enacted as L.1981, c.55.

For background and recommendation for legislation:

974.90 New Jersey. Office of Fiscal Affairs.
P418 New Jersey's contributory public employee pension programs.
1976 Trenton, 1976.
(See especially recommendation 2-j--p.103-104 and p.203-210).

6/22/81

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10 not after the attainment of age 60. The amount so borrowed,
11 together with interest at the rate of 4% per annum on any unpaid
12 balance thereof, shall be repaid to the retirement system in equal
13 installments by deduction from the compensation of the member
14 at the time the compensation is paid or in such lump sum amount
15 to repay the balance of the loan but such installment shall be
16 at least equal to the member's rate of contribution to the
17 retirement system and at least sufficient to repay the amount
18 borrowed with interest thereon [by the time the member attains
19 age 60]. Not more than two loans may be granted to any member
20 in any calendar year. Notwithstanding any other law affecting the
21 salary or compensation of any person or persons to whom this
22 article applies or shall apply, the additional deductions required

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1980

7-20-81

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SENATE, No. 1215

STATE OF NEW JERSEY

INTRODUCED APRIL 17, 1980

By Senators LIPMAN and CAFIERO

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

AN ACT concerning the "Teachers' Pension and Annuity Fund
Law," amending N. J. S. 18A:66-35 and supplementing chapter
66 of Title 18A of the New Jersey Statutes.

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

1 1. N. J. S. 18A:66-35 is amended to read as follows:

2 18A:66-35. Any member who has at least 3 years of service to
3 his credit for which he has contributed as a member may borrow
4 from the retirement system, an amount equal to not more than
5 50% of the amount of his accumulated deductions, but not less than
6 \$50.00; provided, that the amount so borrowed, together with in-
7 terest thereon, can be repaid by additional deductions from com-
8 pensation, not in excess of 25% of the member's compensation,
9 made at the same time compensation is paid to the member, but
10 not after the attainment of age 60. The amount so borrowed,
11 together with interest at the rate of 4% per annum on any unpaid
12 balance thereof, shall be repaid to the retirement system in equal
13 installments by deduction from the compensation of the member
14 at the time the compensation is paid or in such lump sum amount
15 to repay the balance of the loan but such installment shall be
16 at least equal to the member's rate of contribution to the
17 retirement system and at least sufficient to repay the amount
18 borrowed with interest thereon [by the time the member attains
19 age 60]. Not more than two loans may be granted to any member
20 in any calendar year. Notwithstanding any other law affecting the
21 salary or compensation of any person or persons to whom this
22 article applies or shall apply, the additional deductions required

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

23 to repay the loan shall be made. [Any unpaid balance of a loan at
24 the time any benefit may become payable shall be deducted from
25 the benefit otherwise payable.]

26 Loans shall be made to a member from his accumulated deduc-
27 tions. The interest earned on such loans shall be treated in the
28 same manner as interest earned from investments of the retire-
29 ment system.

1 2. (New section) In the case of any member who retires without
2 paying the full amount so borrowed, the Division of Pensions shall
3 retain the ****[gross]**** retirement benefit payments**, *excluding*
4 *authorized deductions*** of that member as repayment of the loan
5 until the aggregate amount of the ****[gross]**** retirement benefit
6 payments are equal to the outstanding balance of the loan, together
7 with the interest at the rate of 4% per annum on the amount so
8 borrowed, at which time the retired member shall receive his re-
9 tirement benefit payments. **In the case of a pensioner who dies*
10 *before the outstanding balance of the loan and interest thereon*
11 *has been recovered, the remaining balance shall be repaid from*
12 *the proceeds of any other benefit payable on the account of the*
13 *pensioner either in the form of monthly payments due to his bene-*
14 *ficiaries or in the form of lump sum payments payable for pension*
15 *or group life insurance.**

1 3. This act shall take effect immediately.

26 Loans shall be made to a member from his accumulated deduc-
27 tions. The interest earned on such loans shall be treated in the
28 same manner as interest earned from investments of the retire-
29 ment system.

1 2. (New section) In the case of any member who retires without
2 paying the full amount so borrowed, the Division of Pensions shall
3 retain the gross retirement benefit payments of that member as
4 repayment of the loan until the aggregate amount of the gross
5 retirement benefit payments are equal to the outstanding balance
6 of the loan, together with the interest at the rate of 4% per annum
7 on the amount so borrowed, at which time the retired member shall
8 receive his retirement benefit payments.

1 3. This act shall take effect immediately.

STATEMENT

This bill amends the "Teachers' Pension and Annuity Fund Law" to remove the age limit on when a member may borrow from his accumulated deductions. Under present law, no member may borrow after attaining age 60.

The bill also provides that if a member retires without repaying the outstanding balance of his loan, the Division of Pensions may withhold the retirement benefit payments of the retired member who is in default until the aggregate amount of such payments are equal to the amount of outstanding balance of the loan.

51215(1980)

ASSEMBLY STATE GOVERNMENT, FEDERAL AND
INTERSTATE RELATIONS AND VETERANS
AFFAIRS COMMITTEE

STATEMENT TO
SENATE, No. 1215
[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: DECEMBER 8, 1980

This bill eliminates the present statutory age limit that prohibits a member of the Teachers' Pension and Annuity Fund from borrowing against his accumulated deductions after age 60.

Under this bill, a member of TPAF could borrow against his accumulated deductions at *any* time prior to his retirement, no matter what his age. If he retires before his loan (plus 4% interest per annum) is repaid, his monthly gross retirement benefits will be retained by the Division of Pensions until there has been full repayment. If a retiree dies before his loan is repaid, the remaining balance will be repaid from other benefits payable to the beneficiaries, such as the lump sum life insurance provided under the pension program.

Similar legislation affecting members of the Public Employees Retirement System (Senate Bill Number 27) has passed both Houses.