

43 16A-16.1 & 43 16A-16.2

LEGISLATIVE HISTORY CHECKLIST

NJSA 43:16A-16.1 and 43:16A-16.2 (P&FRS—allow pension loans to police & firemen over age 55)

LAWS 1981 CHAPTER 370

Bill No. A3132

Sponsor(s) McManimon

Date Introduced Feb. 19, 1981

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

Senate " " " " " " " " " "

Amended during passage Yesx No

Date of Passage: Assembly June 22, 1981

Senate Nov. 23, 1981

Date of approval Dec. 30, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~ (Below)

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note Yesx No

Veto Message Yesx No

Message on signing Yesx ~~No~~

Following were printed:

Reports Yesx No

Hearings Yesx No

Sponsor's statement:

This bill would remove the present statutory age limit that prohibits a member of the Police and Firemen's Retirement System from borrowing against his accumulated deductions after age 55.

(over)

6/22/81

For background and recommendation for legislation:

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

ASSEMBLY, No. 3132

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 19, 1981

By Assemblyman McMANIMON

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

AN ACT concerning the Police and Firemen's Retirement System  
and amending and supplementing P. L. 1964, c. 241.

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

1 1. Section 18 of P. L. 1964, c. 241 (C. 43:16A-16.1) is amended  
2 to read as follows:

3 18. Any member who has at least 3 years of service to his credit  
4 for which he has contributed as a member may borrow from the  
5 retirement system, an amount equal to not more than 50% of the  
6 amount of his aggregate contributions, but not less than \$50.00:  
7 provided that the amount so borrowed, together with interest  
8 thereon, can be repaid by additional deductions from salary, not  
9 in excess of 25% of the member's salary, made at the time the  
10 salary is paid to the member [but not after the attainment of age  
11 55]. The amount so borrowed, together with interest at the rate of  
12 4% per annum on any unpaid balance thereof, shall be repaid to the  
13 retirement system in equal installments by deductions from the  
14 salary of the member at the time the salary is paid or in such lump  
15 sum amount to repay the balance of the loan but such installments  
16 shall be 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 55]. 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 act  
22 applies or shall apply, the additional deductions required to repay  
23 the loan shall be made. [Any unpaid balance of a loan at the time  
24 any benefit may become payable shall be deducted from the benefit  
25 otherwise payable.]

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

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

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

1 3. This act shall take effect immediately.

---

#### STATEMENT

This bill would remove the present statutory age limit that prohibits a member of the Police and Firemen's Retirement System from borrowing against his accumulated deductions after age 55.

---

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

STATEMENT TO

ASSEMBLY, No. 3132

STATE OF NEW JERSEY

DATED: JUNE 15, 1981

This bill removes the present statutory age limit that prohibits a member of the Police and Firemen's Retirement System from borrowing against his accumulated deductions after age 55.

P. L. 1981, c. 55 removed any age limit on borrowing against accumulated deductions for members of the Public Employees' Retirement System, and P. L. 1981, c. 212 did the same for members of the Teachers' Pension and Annuity Fund.

The Division of Pensions anticipates an increase in loans as a result of this legislation. It is, however, "reluctant to attempt to estimate" the costs to the retirement system which will result from the loss to the system of the investment return on the moneys borrowed and from an inability to recover in full certain loans because of premature death. The division does expect an additional administrative cost of \$10,000.00 a year to handle the increased number of loans it anticipates.

The League of Municipalities supports this bill.

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

STATEMENT TO  
**ASSEMBLY, No. 3132**

**STATE OF NEW JERSEY**

DATED: NOVEMBER 12, 1981

This bill removes the present statutory age limit that prohibits a member of the Police and Firemen's Retirement System from borrowing against his accumulated deductions after age 55.

This bill effects for the members of PFRS what P. L. 1981, c. 55 effects for the members of the Public Employees' Retirement System and P. L. 1981, c. 212 for the members of the Teachers' Pension and Annuity Fund.

The Division of Pensions expects an additional cost of \$10,000.00 a year to administer this legislation. It is "reluctant to attempt to estimate" further costs to the retirement system resulting from an anticipated increase in loans, with the subsequent loss to the system of the investment return of those moneys, and from an inability to recover certain loans because of premature death.

The League of Municipalities supports this bill.

DECEMBER 31, 1981

- # -

A-3132, sponsored by Assemblyman Francis J. McManimon (D-Mercer), permitting a member of the Police and Firemen's Retirement System to borrow against his accumulated deductions after the age of 55. Members are currently prohibited from borrowing against their deductions after the age of 55.

A-3398, sponsored by Assemblyman Richard Van Wagner (D-Monmouth), clarifying current law to permit school board members for regional districts to take office the first week following their election. This bill clarifies the intention of a recently enacted law.

A-3469, sponsored by Assemblyman Thomas A. Gallo (D-Hudson), permitting the Commissioner of Banking stand-by authority to establish additional reserve requirements for savings banks in New Jersey chartered by the State.

A-3470, also sponsored by Assemblyman Gallo, is identical to the above mention A-3469 but applies to stand-by authority for commercial banks.

A-3721, also sponsored by Assemblyman Van Wagner, amending the "Emergency Transportation Tax Act" which taxes New York State residents on income earned in New Jersey for the purpose of defraying the costs of public transportation between the two states. Since the passage of the New York State personal income tax in 1961, New Jersey's tax on New Yorkers has been equal to the New York tax on individuals.

This bill offers amendments to conform the New Jersey tax with recent amendments to the New York law: standard deductions, personal exemption allowances, and household credit would be increased, for example.

# # #