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"Law toughen child welfare rules," 1-18-2004 Home News & Tribune, p.A3

P.L. 2003, CHAPTER 309, *approved January 18, 2004*
Assembly, No. 2283 (*First Reprint*)

1 **AN ACT** concerning the New Jersey Better Educational Savings Trust
2 (NJBEST) Program and amending N.J.S.18A:71B-41.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. N.J.S.18A:71B-41 is amended to read as follows:

8 18A:71B-41. a. The program shall be operated as a trust through
9 the use of accounts for designated beneficiaries. An account may be
10 opened by any person who desires to save to pay the qualified higher
11 education expenses of an individual by satisfying each of the following
12 requirements:

13 (1) completing an application in the form prescribed by the
14 authority;

15 (2) paying the one-time application fee established by the authority;

16 (3) making the minimum contribution required by the authority for
17 opening an account;

18 (4) designating the account or accounts to be opened; and

19 (5) in the case of an account to which subsection a. of [N.J.S.A.]
20 N.J.S.18A:71B-44 would apply, demonstrating to the satisfaction of
21 the authority that either the contributor, if an individual, or the
22 designated beneficiary is a New Jersey resident. The requirement of
23 New Jersey residency for either the contributor or the designated
24 beneficiary would not apply to an account to which subsection b. of
25 N.J.S.18A:71B-44 would apply unless otherwise determined by the
26 authority.

27 b. ¹[Except as provided under N.J.S.18A:71B-42, only the
28 contributor may make contributions to an account after the account is
29 opened.] (Deleted by amendment, P.L. , c.) (now pending before
30 the Legislature as this bill.)¹

31 c. Contributions to accounts shall be made only in cash, as defined
32 by the authority pursuant to regulations, in accordance with section
33 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.

34 d. Contributors may withdraw all or part of the balance from an
35 account on sixty days' notice or a shorter period, as may be authorized
36 by the authority pursuant to regulations.

37 e. A contributor may change the designated beneficiary of an
38 account or rollover all or a portion of an account to another account
39 if the change or rollover would not result in a distribution includible
40 in gross income under section 529 of the federal Internal Revenue

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 underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AED committee amendments adopted December 9, 2002.

1 Code of 1986, 26 U.S.C.s.529, in accordance with procedures
2 established by the authority.

3 f. In the case of any nonqualified withdrawal, a penalty at a level
4 established by the authority and sufficient to be considered a more than
5 de minimis penalty for purposes of section 529 of the federal Internal
6 Revenue Code of 1986, 26 U.S.C.s.529, shall be withheld and paid to
7 the authority for use in operating and marketing the program. The
8 authority may elect not to impose a penalty if that section ceases to
9 include a provision requiring more than de minimis penalties for a
10 program to qualify as a qualified State tuition program.

11 g. If a contributor makes a nonqualified withdrawal and a penalty
12 amount is not withheld pursuant to subsection f. of this section or the
13 amount withheld is less than the amount required to be withheld under
14 that subsection, the contributor shall pay the unpaid portion of the
15 penalty to the authority at the same time that the contributor files a
16 State income tax return for the taxable year of the withdrawal, or if the
17 contributor does not file a return, the unpaid portion of the penalty
18 shall be paid on or before the due date for the filing of that income tax
19 return.

20 h. Each account shall be maintained separately from each other
21 account under the program.

22 I. Separate records and accounting shall be maintained for each
23 account for each designated beneficiary.

24 j. A contributor to or designated beneficiary of any account shall
25 not direct the investment of any contributions to an account or the
26 earnings from the account, except as permitted under section 529 of
27 the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.

28 k. A contributor or a designated beneficiary shall not use an
29 interest in an account as security for a loan. Any pledge of an interest
30 in an account is of no force and effect.

31 l. The maximum contribution for any designated beneficiary shall
32 be determined by the authority pursuant to regulations, in accordance
33 with section 529 of the federal Internal Revenue Code of 1986, 26
34 U.S.C.s.529.

35 m. Statements, reports on distributions and information returns
36 relating to accounts shall be prepared, distributed, and filed to the
37 extent required by section 529 of the federal Internal Revenue Code
38 of 1986, 26 U.S.C.s.529, or regulations issued thereunder.

39 n. The authority may charge, impose and collect reasonable
40 administrative fees and service charges in connection with any
41 agreement, contract or transaction relating to the program. These fees
42 and charges may be imposed directly on contributors or may be taken
43 as a percentage of the investment earnings on accounts.

44 o. The State or any State agency, municipality, or other political
45 subdivision may, by contract or collective bargaining agreement, agree
46 with any employee to remit contributions to accounts through payroll

1 deductions made by the appropriate officer or officers of the State,
2 State agency, county, municipality, or political subdivision. The
3 contributions shall be held and administered in accordance with this
4 act.

5 p. A contributor, if an individual, may designate another person as
6 a successor contributor in the event of the death of the original
7 contributor. The person who opens the account, or any successor
8 contributor, shall be considered the contributor as defined in
9 N.J.S.18A:71B-36.

10 ¹q. Any person may make contributions to an account, consistent
11 with the terms established by the authority, after the account is
12 opened.¹

13 (cf: N.J.S.18A:71B-41)

14

15 2. This act shall take effect immediately.

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20 Provides for the designation of successor contributors in the event of
21 the death of the original contributor in the NJBEST Program and
22 allows anyone to make a contribution to an account.

ASSEMBLY, No. 2283

STATE OF NEW JERSEY

210th LEGISLATURE

INTRODUCED MAY 9, 2002

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex)

Assemblyman JOSEPH V. DORIA, JR.

District 31 (Hudson)

SYNOPSIS

Provides for the designation of successor contributors in the event of the death of the original contributor in the NJBEST Program.

CURRENT VERSION OF TEXT

As introduced.



A2283 MCKEON, DORIA

2

1 AN ACT concerning the New Jersey Better Educational Savings Trust
2 (NJBEST) Program and amending N.J.S.18A:71B-41.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. N.J.S.18A:71B-41 is amended to read as follows:

8 18A:71B-41. a. The program shall be operated as a trust through
9 the use of accounts for designated beneficiaries. An account may be
10 opened by any person who desires to save to pay the qualified higher
11 education expenses of an individual by satisfying each of the following
12 requirements:

13 (1) completing an application in the form prescribed by the
14 authority;

15 (2) paying the one-time application fee established by the authority;

16 (3) making the minimum contribution required by the authority for
17 opening an account;

18 (4) designating the account or accounts to be opened; and

19 (5) in the case of an account to which subsection a. of [N.J.S.A.]
20 N.J.S.18A:71B-44 would apply, demonstrating to the satisfaction of
21 the authority that either the contributor, if an individual, or the
22 designated beneficiary is a New Jersey resident. The requirement of
23 New Jersey residency for either the contributor or the designated
24 beneficiary would not apply to an account to which subsection b. of
25 N.J.S.18A:71B-44 would apply unless otherwise determined by the
26 authority.

27 b. Except as provided under N.J.S.18A:71B-42, only the
28 contributor may make contributions to an account after the account is
29 opened.

30 c. Contributions to accounts shall be made only in cash, as defined
31 by the authority pursuant to regulations, in accordance with section
32 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.

33 d. Contributors may withdraw all or part of the balance from an
34 account on sixty days' notice or a shorter period, as may be authorized
35 by the authority pursuant to regulations.

36 e. A contributor may change the designated beneficiary of an
37 account or rollover all or a portion of an account to another account
38 if the change or rollover would not result in a distribution includible
39 in gross income under section 529 of the federal Internal Revenue
40 Code of 1986, 26 U.S.C.s.529, in accordance with procedures
41 established by the authority.

42 f. In the case of any nonqualified withdrawal, a penalty at a level
43 established by the authority and sufficient to be considered a more than

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 underlined thus is new matter.

1 de minimis penalty for purposes of section 529 of the federal Internal
2 Revenue Code of 1986, 26 U.S.C.s.529, shall be withheld and paid to
3 the authority for use in operating and marketing the program. The
4 authority may elect not to impose a penalty if that section ceases to
5 include a provision requiring more than de minimis penalties for a
6 program to qualify as a qualified State tuition program.

7 g. If a contributor makes a nonqualified withdrawal and a penalty
8 amount is not withheld pursuant to subsection f. of this section or the
9 amount withheld is less than the amount required to be withheld under
10 that subsection, the contributor shall pay the unpaid portion of the
11 penalty to the authority at the same time that the contributor files a
12 State income tax return for the taxable year of the withdrawal, or if the
13 contributor does not file a return, the unpaid portion of the penalty
14 shall be paid on or before the due date for the filing of that income tax
15 return.

16 h. Each account shall be maintained separately from each other
17 account under the program.

18 i. Separate records and accounting shall be maintained for each
19 account for each designated beneficiary.

20 j. A contributor to or designated beneficiary of any account shall
21 not direct the investment of any contributions to an account or the
22 earnings from the account, except as permitted under section 529 of
23 the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.

24 k. A contributor or a designated beneficiary shall not use an
25 interest in an account as security for a loan. Any pledge of an interest
26 in an account is of no force and effect.

27 l. The maximum contribution for any designated beneficiary shall
28 be determined by the authority pursuant to regulations, in accordance
29 with section 529 of the federal Internal Revenue Code of 1986, 26
30 U.S.C.s.529.

31 m. Statements, reports on distributions and information returns
32 relating to accounts shall be prepared, distributed, and filed to the
33 extent required by section 529 of the federal Internal Revenue Code
34 of 1986, 26 U.S.C.s.529, or regulations issued thereunder.

35 n. The authority may charge, impose and collect reasonable
36 administrative fees and service charges in connection with any
37 agreement, contract or transaction relating to the program. These fees
38 and charges may be imposed directly on contributors or may be taken
39 as a percentage of the investment earnings on accounts.

40 o. The State or any State agency, municipality, or other political
41 subdivision may, by contract or collective bargaining agreement, agree
42 with any employee to remit contributions to accounts through payroll
43 deductions made by the appropriate officer or officers of the State,
44 State agency, county, municipality, or political subdivision. The
45 contributions shall be held and administered in accordance with this
46 act.

1 p. A contributor, if an individual, may designate another person as
2 a successor contributor in the event of the death of the original
3 contributor. The person who opens the account, or any successor
4 contributor, shall be considered the contributor as defined in
5 N.J.S.18A:71B-36.

6 (cf: N.J.S.18A:71B-41)

7

8 2. This act shall take effect immediately.

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STATEMENT

12

13 This bill would permit a contributor in the NJBEST Program to
14 designate a successor contributor to assume ownership of the account
15 upon the death of the original contributor. Currently, the only change
16 of contributor that is permitted under the program is the change to a
17 spouse successor upon the death of the contributor.

18 A number of other state-sponsored college savings plans permit the
19 designation of a successor contributor as provided in this bill.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2283

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 9, 2002

The Assembly Education Committee reports favorably Assembly Bill No. 2283 with committee amendments.

As amended, this bill permits a contributor in the New Jersey Better Educational Savings Trust Program (NJBEST), the State's college savings program, to designate a successor contributor to assume ownership of the account upon the death of the original contributor. Currently, the only change of contributor allowed under NJBEST is the change to a spouse successor upon the death of the contributor. A number of other state-sponsored college savings plans permit the designation of a successor contributor as provided in this bill.

The bill also provides that individuals, in addition to the person opening and maintaining a NJBEST account, may make contributions to the account. Currently, only the contributor who originally opens the account may make subsequent contributions. Again, this change reflects similar provisions in other state-sponsored college savings plans.

The committee amended the bill to provide that individuals, in addition to the person opening and maintaining a NJBEST account, may make contributions to the account.

SENATE EDUCATION COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2283

STATE OF NEW JERSEY

DATED: JUNE 9, 2003

The Senate Education Committee reports favorably Assembly Bill No. 2283 (1R).

This bill permits a contributor in the New Jersey Better Educational Savings Trust Program (NJBEST), the State's college savings program, to designate a successor contributor to assume ownership of the account upon the death of the original contributor. Currently, the only change of contributor allowed under NJBEST is the change to a spouse successor upon the death of the contributor. A number of other state-sponsored college savings plans permit the designation of a successor contributor as provided in this bill.

The bill also provides that individuals, in addition to the person opening and maintaining a NJBEST account, may make contributions to the account. Currently, only the contributor who originally opens the account may make subsequent contributions. Again, this change reflects similar provisions in other state-sponsored college savings plans.

As reported, this bill is identical to S2536.

SENATE, No. 2536

STATE OF NEW JERSEY
210th LEGISLATURE

INTRODUCED MAY 15, 2003

Sponsored by:
Senator SHIRLEY K. TURNER
District 15 (Mercer)

SYNOPSIS

Provides for the designation of successor contributors in the event of the death of the original contributor in the NJBEST Program and allows anyone to make a contribution to an account.

CURRENT VERSION OF TEXT

As introduced.



S2536 TURNER

2

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2 (NJBEST) Program and amending N.J.S.18A:71B-41.

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21 the authority that either the contributor, if an individual, or the
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26 interest in an account as security for a loan. Any pledge of an interest
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41 o. The State or any State agency, municipality, or other political
42 subdivision may, by contract or collective bargaining agreement, agree
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7 q. Any person may make contributions to an account, consistent
8 with the terms established by the authority, after the account is
9 opened.

10 (cf: N.J.S.18A:71B-41)

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12 2. This act shall take effect immediately.

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STATEMENT

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17 This bill permits a contributor in the New Jersey Better Educational
18 Savings Trust Program (NJBEST), the State's college savings
19 program, to designate a successor contributor to assume ownership of
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21 only change of contributor allowed under NJBEST is the change to a
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24 a successor contributor as provided in this bill.

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27 to the account. Currently, only the contributor who originally opens
28 the account may make subsequent contributions. Again, this change
29 reflects similar provisions in other state-sponsored college savings
30 plans.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 2536

STATE OF NEW JERSEY

DATED: JUNE 9, 2003

The Senate Education Committee reports favorably Senate Bill No. 2536.

This bill permits a contributor in the New Jersey Better Educational Savings Trust Program (NJBEST), the State's college savings program, to designate a successor contributor to assume ownership of the account upon the death of the original contributor. Currently, the only change of contributor allowed under NJBEST is the change to a spouse successor upon the death of the contributor. A number of other state-sponsored college savings plans permit the designation of a successor contributor as provided in this bill.

The bill also provides that individuals, in addition to the person opening and maintaining a NJBEST account, may make contributions to the account. Currently, only the contributor who originally opens the account may make subsequent contributions. Again, this change reflects similar provisions in other state-sponsored college savings plans.

As reported, this bill is identical to A2283 (1R).