

43:6A-16.1

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2002 **CHAPTER:** 54

NJSA: 43:6A-16.1 (Allows JRS member to reduce retirement allowance)

BILL NO: S1553 (Substituted for A2323)

SPONSOR(S): Furnari and others

DATE INTRODUCED: May 30, 2002

COMMITTEE: **ASSEMBLY:** ----

SENATE: State Government

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 24, 2002

SENATE: June 20, 2002

DATE OF APPROVAL: August 3, 2002

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Original bill enacted)

S1553

[SPONSORS STATEMENT:](#) (Begins on page 4 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENTS: No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

A2323

[SPONSORS STATEMENT:](#) (Begins on page 4 of original bill) [Yes](#)

Bill and Sponsors Statement identical to S1553

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

§§1,2 -
C.43:6A-16.1 and
43:6A-16.2
§3 - T&E & Note
to §1
§4 - Note to
§§1-3

P.L. 2002, CHAPTER 54, *approved August 3, 2002*
Senate, No. 1553

1 **AN ACT** concerning the provision of a survivor benefit in the Judicial
2 Retirement System and supplementing P.L.1973, c.140 (C.43:6A-1
3 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. At the time of retirement, a member of the Judicial Retirement
9 System, established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.),
10 shall receive benefits in a retirement allowance payable throughout life,
11 or the member may, on retirement, elect to receive the actuarial
12 equivalent of the member's retirement allowance, in a lesser retirement
13 allowance payable throughout life, with the provision that:

14 Option 1. If the member dies before the member has received in
15 payments the present value of the retirement allowance as it was at the
16 time of retirement, the balance shall be paid to a legal representative
17 or to such person as the member shall nominate by written designation
18 acknowledged and filed with the retirement system, either in a lump
19 sum or by equal payments over a period of years at the option of the
20 payee. If the member shall have designated a natural person as the
21 payee, the payee may elect to receive such payments in the form of a
22 life annuity.

23 Option 2. Upon the member's death, the member's retirement
24 allowance shall be continued throughout the life of and paid to such
25 person as the member shall nominate by written designation duly
26 acknowledged and filed with the retirement system at the time of
27 retirement.

28 Option 3. Upon the member's death, one-half of the member's
29 retirement allowance shall be continued throughout the life of and paid
30 to such person as the member shall nominate by written designation
31 duly acknowledged and filed with the retirement system at the time of
32 retirement.

33 Option 4. Some other benefit or benefits shall be paid either to the
34 member or to whomever the member nominates, if such other benefit
35 or benefits, together with the lesser retirement allowance, shall be
36 certified by the actuary to be of equivalent actuarial value. In no case,
37 however, shall the lesser retirement allowance be smaller than that
38 provided under Option 2.

39 Option 5. Some other benefit, which is equivalent to the full
40 amount, three-quarters, one-half or one-quarter of the member's

1 retirement allowance, shall be paid to whomever the member
2 nominates and if that nominee dies before the member, the member's
3 retirement allowance shall increase to the maximum retirement
4 allowance for the member's lifetime, provided that such other benefit
5 together with the member's lesser and maximum retirement allowances
6 shall be certified by the actuary to be of equivalent actuarial value.

7 If the total amount of benefits paid to a retirant who does not elect
8 to receive benefits in the form of an optional settlement, or to the
9 retirant and the designated beneficiary in the case of a retirant who
10 does so elect, before the death of the retirant or the retirant and the
11 beneficiary is less than the deductions accumulated in the retirant's
12 account at the time of retirement, including regular interest, the
13 balance shall be paid in one lump sum to the retirant's designated
14 beneficiary or estate in the manner provided in section 16 of P.L.1973,
15 c.140 (C.43:6A-16).

16 Except in the case of members who have elected to receive (1) a
17 deferred retirement allowance pursuant to section 11 of P.L.1973,
18 c.140 (C.43:6A-11) or (2) early retirement allowances pursuant to
19 section 10 of P.L.1973, c.140 (C.43:6A-10) after separation from
20 service pursuant to section 11, if a member dies within 30 days after
21 the date of retirement or the date of approval by the State House
22 Commission, whichever is later, the member's retirement allowance
23 shall not become effective and the member shall be considered an
24 active member at the time of death. However, if the member dies after
25 the date the application for retirement was filed with the system, the
26 retirement shall become effective if:

27 a. The deceased member had designated a beneficiary under an
28 optional settlement provided by this section; and

29 b. The surviving beneficiary requests in writing that the State
30 House Commission make such a selection. Upon formal action by the
31 commission approving that request, the request shall be irrevocable.

32 The commission may select an Option 3 settlement, on behalf of the
33 beneficiary of a member who applied for and was eligible for
34 retirement but who died prior to the effective date of the retirement
35 allowance, if all of the above conditions, with the exception of a., are
36 met.

37 Nothing in this act, P.L. , c. (C.) (now pending before the
38 Legislature as this bill), shall affect the payment of the survivor
39 benefits under section 18 of P.L.1973, c. (C.43:6A-18).

40

41 2. Whenever a member of the Judicial Retirement System elects a
42 retirement allowance which is payable for the life of the member only
43 and terminating at the member's death, without refund of any kind to
44 the member's spouse, the member shall be required, before electing
45 that benefit, to sign a form stating that the member has elected that
46 benefit, that the member understands that it is payable during the

1 member's lifetime only and that no benefits will be payable to the
2 member's spouse after death, other than the survivor benefits provided
3 by section 18 of P.L.1973, c.140 (C.43:6A-18) and any applicable life
4 insurance benefits. The Division of Pensions and Benefits in the
5 Department of the Treasury shall notify the member's spouse if the
6 member identifies the spouse on the form. Notification shall be by
7 certified mail to the spouse's address as provided on the form by the
8 member. If the member has not provided an address for the spouse on
9 the form, the division shall send the notice, by certified mail, to the
10 spouse at the member's address. The notice shall advise the spouse
11 that the retirement benefit chosen by the member is payable during the
12 member's lifetime only and that no benefits, other than the survivor
13 benefits provided by section 18 of P.L.1973, c.140 (C.43:6A-18) and
14 any applicable life insurance benefits, shall be payable to the
15 beneficiary after the member's death.

16

17 3. A retired justice of the Supreme Court, judge of the Superior
18 Court or judge of the Tax Court, on the effective date of this act,
19 P.L. , c. (C) (now pending before the Legislature as this bill),
20 may elect an optional settlement as authorized in section 1 of this act,
21 applicable to the retirement allowance payable after the effective date
22 of the optional settlement, if the retired justice or judge applies for an
23 optional settlement in accordance with the procedures established by
24 the Division of Pensions and Benefits within six months of the
25 effective date of this act.

26

27 4. This act shall take effect on the 30th day after enactment.

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STATEMENT

31

32 This bill allows members of the Judicial Retirement System (JRS)
33 to elect to receive a reduced retirement allowance in order to provide
34 a benefit to a named beneficiary. The member, for example, may
35 receive a lesser retirement allowance payable throughout life and upon
36 the member's death, a retirement allowance in the same amount would
37 be paid to a designated beneficiary throughout that person's life. The
38 five optional settlements in the bill are the same as those currently
39 available to members of the Public Employees' Retirement System and
40 the Teachers' Pension and Annuity Fund.

41 The bill also provides that within six months of its effective date, a
42 retired JRS member may elect an optional settlement for a reduced
43 retirement allowance, applicable to the member's retirement allowance
44 payable thereafter so that such selection will not incur a cost to JRS.

45 The bill allows JRS members to reduce their retirement allowance
46 to provide benefits to a named beneficiary in addition to the JRS

1 survivor benefits currently provided by law.

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6 Allows JRS member to reduce retirement allowance to provide

7 survivor benefit.

SENATE, No. 1553

STATE OF NEW JERSEY
210th LEGISLATURE

INTRODUCED MAY 30, 2002

Sponsored by:

Senator GARRY J. FURNARI

District 36 (Bergen, Essex and Passaic)

Senator WILLIAM L. GORMLEY

District 2 (Atlantic)

Assemblyman NEIL M. COHEN

District 20 (Union)

Co-Sponsored by:

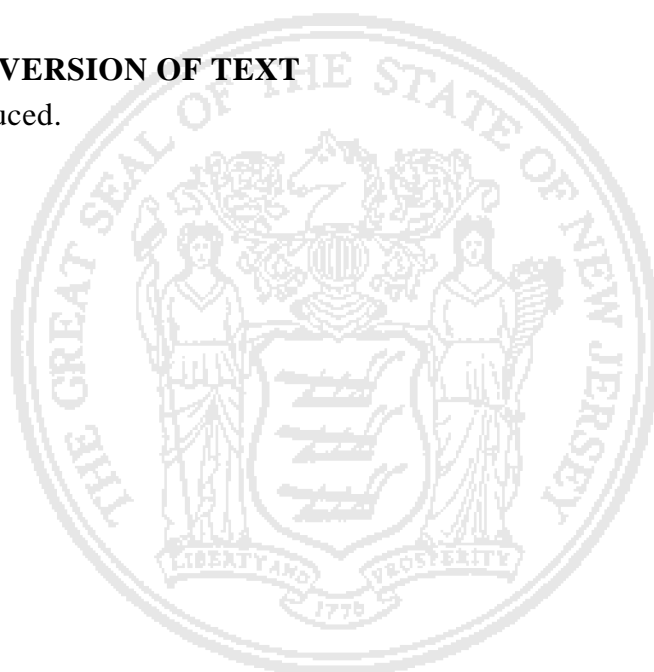
Senators Adler, Charles and McNamara

SYNOPSIS

Allows JRS member to reduce retirement allowance to provide survivor benefit.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/25/2002)

1 AN ACT concerning the provision of a survivor benefit in the Judicial
2 Retirement System and supplementing P.L.1973, c.140 (C.43:6A-1
3 et seq.).

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

7
8 1. At the time of retirement, a member of the Judicial Retirement
9 System, established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.),
10 shall receive benefits in a retirement allowance payable throughout life,
11 or the member may, on retirement, elect to receive the actuarial
12 equivalent of the member's retirement allowance, in a lesser retirement
13 allowance payable throughout life, with the provision that:

14 Option 1. If the member dies before the member has received in
15 payments the present value of the retirement allowance as it was at the
16 time of retirement, the balance shall be paid to a legal representative
17 or to such person as the member shall nominate by written designation
18 acknowledged and filed with the retirement system, either in a lump
19 sum or by equal payments over a period of years at the option of the
20 payee. If the member shall have designated a natural person as the
21 payee, the payee may elect to receive such payments in the form of a
22 life annuity.

23 Option 2. Upon the member's death, the member's retirement
24 allowance shall be continued throughout the life of and paid to such
25 person as the member shall nominate by written designation duly
26 acknowledged and filed with the retirement system at the time of
27 retirement.

28 Option 3. Upon the member's death, one-half of the member's
29 retirement allowance shall be continued throughout the life of and paid
30 to such person as the member shall nominate by written designation
31 duly acknowledged and filed with the retirement system at the time of
32 retirement.

33 Option 4. Some other benefit or benefits shall be paid either to the
34 member or to whomever the member nominates, if such other benefit
35 or benefits, together with the lesser retirement allowance, shall be
36 certified by the actuary to be of equivalent actuarial value. In no case,
37 however, shall the lesser retirement allowance be smaller than that
38 provided under Option 2.

39 Option 5. Some other benefit, which is equivalent to the full
40 amount, three-quarters, one-half or one-quarter of the member's
41 retirement allowance, shall be paid to whomever the member
42 nominates and if that nominee dies before the member, the member's
43 retirement allowance shall increase to the maximum retirement
44 allowance for the member's lifetime, provided that such other benefit
45 together with the member's lesser and maximum retirement allowances
46 shall be certified by the actuary to be of equivalent actuarial value.

1 If the total amount of benefits paid to a retirant who does not elect
2 to receive benefits in the form of an optional settlement, or to the
3 retirant and the designated beneficiary in the case of a retirant who
4 does so elect, before the death of the retirant or the retirant and the
5 beneficiary is less than the deductions accumulated in the retirant's
6 account at the time of retirement, including regular interest, the
7 balance shall be paid in one lump sum to the retirant's designated
8 beneficiary or estate in the manner provided in section 16 of P.L.1973,
9 c.140 (C.43:6A-16).

10 Except in the case of members who have elected to receive (1) a
11 deferred retirement allowance pursuant to section 11 of P.L.1973,
12 c.140 (C.43:6A-11) or (2) early retirement allowances pursuant to
13 section 10 of P.L.1973, c.140 (C.43:6A-10) after separation from
14 service pursuant to section 11, if a member dies within 30 days after
15 the date of retirement or the date of approval by the State House
16 Commission, whichever is later, the member's retirement allowance
17 shall not become effective and the member shall be considered an
18 active member at the time of death. However, if the member dies after
19 the date the application for retirement was filed with the system, the
20 retirement shall become effective if:

21 a. The deceased member had designated a beneficiary under an
22 optional settlement provided by this section; and

23 b. The surviving beneficiary requests in writing that the State
24 House Commission make such a selection. Upon formal action by the
25 commission approving that request, the request shall be irrevocable.

26 The commission may select an Option 3 settlement, on behalf of the
27 beneficiary of a member who applied for and was eligible for
28 retirement but who died prior to the effective date of the retirement
29 allowance, if all of the above conditions, with the exception of a., are
30 met.

31 Nothing in this act, P.L. , c. (C.) (now pending before the
32 Legislature as this bill), shall affect the payment of the survivor
33 benefits under section 18 of P.L.1973, c. (C.43:6A-18).

34

35 2. Whenever a member of the Judicial Retirement System elects a
36 retirement allowance which is payable for the life of the member only
37 and terminating at the member's death, without refund of any kind to
38 the member's spouse, the member shall be required, before electing
39 that benefit, to sign a form stating that the member has elected that
40 benefit, that the member understands that it is payable during the
41 member's lifetime only and that no benefits will be payable to the
42 member's spouse after death, other than the survivor benefits provided
43 by section 18 of P.L.1973, c.140 (C.43:6A-18) and any applicable life
44 insurance benefits. The Division of Pensions and Benefits in the
45 Department of the Treasury shall notify the member's spouse if the
46 member identifies the spouse on the form. Notification shall be by

1 certified mail to the spouse's address as provided on the form by the
2 member. If the member has not provided an address for the spouse on
3 the form, the division shall send the notice, by certified mail, to the
4 spouse at the member's address. The notice shall advise the spouse
5 that the retirement benefit chosen by the member is payable during the
6 member's lifetime only and that no benefits, other than the survivor
7 benefits provided by section 18 of P.L.1973, c.140 (C.43:6A-18) and
8 any applicable life insurance benefits, shall be payable to the
9 beneficiary after the member's death.

10
11 3. A retired justice of the Supreme Court, judge of the Superior
12 Court or judge of the Tax Court, on the effective date of this act,
13 P.L. , c. (C) (now pending before the Legislature as this bill),
14 may elect an optional settlement as authorized in section 1 of this act,
15 applicable to the retirement allowance payable after the effective date
16 of the optional settlement, if the retired justice or judge applies for an
17 optional settlement in accordance with the procedures established by
18 the Division of Pensions and Benefits within six months of the
19 effective date of this act.

20
21 4. This act shall take effect on the 30th day after enactment.
22
23

24 STATEMENT
25

26 This bill allows members of the Judicial Retirement System (JRS)
27 to elect to receive a reduced retirement allowance in order to provide
28 a benefit to a named beneficiary. The member, for example, may
29 receive a lesser retirement allowance payable throughout life and upon
30 the member's death, a retirement allowance in the same amount would
31 be paid to a designated beneficiary throughout that person's life. The
32 five optional settlements in the bill are the same as those currently
33 available to members of the Public Employees' Retirement System and
34 the Teachers' Pension and Annuity Fund.

35 The bill also provides that within six months of its effective date, a
36 retired JRS member may elect an optional settlement for a reduced
37 retirement allowance, applicable to the member's retirement allowance
38 payable thereafter so that such selection will not incur a cost to JRS.

39 The bill allows JRS members to reduce their retirement allowance
40 to provide benefits to a named beneficiary in addition to the JRS
41 survivor benefits currently provided by law.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1553

STATE OF NEW JERSEY

DATED: JUNE 6, 2002

The Senate State Government Committee reports favorably Senate Bill No. 1553.

This bill allows members of the Judicial Retirement System (JRS) to elect to receive a reduced retirement allowance in order to provide a benefit to a designated beneficiary. The five options in the bill are the same as those currently available to members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF).

The bill also provides that within six months of its effective date, a retired JRS member may elect an optional settlement for a reduced retirement allowance, applicable to the member's retirement allowance payable thereafter, so that such a selection will not incur a cost to JRS.

The provisions of this bill do not limit survivor benefits under N.J.S.A.43:6A-18.

Senate Bill No. 1553 is the same as Assembly Bill No. 2323.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1553
STATE OF NEW JERSEY
210th LEGISLATURE

DATED: JULY 17, 2002

SUMMARY

Synopsis: Allows JRS member to reduce retirement allowance to provide survivor benefit.

Type of Impact: Judicial Retirement System/benefit adjustment.

Agencies Affected: Department of the Treasury, Division of Pensions and Benefits.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
State Cost	None	None	None

- ! Permits members and retirees of the Judicial Retirement System (JRS) to elect to receive a reduced retirement allowance in order to provide a benefit to a named beneficiary.
- ! Similar retirement options are available to members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF).
- ! No fiscal impact to the Judicial Retirement System is anticipated.
- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate.

BILL DESCRIPTION

Senate Bill No. 1553 of 2002 allows members of the Judicial Retirement System to elect to receive a reduced retirement allowance in order to provide a benefit to a named beneficiary. Members may choose from among five survivor benefit options. The five optional settlements in the bill are the same as those currently available to members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund.

The bill also allows members of the JRS also are permitted to elect an optional settlement for a reduced retirement allowance, applicable to the member's retirement allowance payable after such selection, so that the JRS will not incur a cost.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Pensions and Benefits in the Department of the Treasury informally estimated that the implementation of the provisions of this bill will have no fiscal impact. The division's estimate is based on experience of administering similar retirement allowance options in the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The calculations for these options will be made by Judicial Retirement System actuaries so that there will be no additional cost to the system.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) concurs with the Executive estimate.

Section: *State Government*

Analyst: *James F. Vari*
Associate Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

ASSEMBLY, No. 2323

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED MAY 16, 2002

Sponsored by:

Assemblyman NEIL M. COHEN

District 20 (Union)

SYNOPSIS

Allows JRS member to reduce retirement allowance to provide survivor benefit.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the provision of a survivor benefit in the Judicial
2 Retirement System and supplementing P.L.1973, c.140 (C.43:6A-1
3 et seq.).

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

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8 1. At the time of retirement, a member of the Judicial Retirement
9 System, established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.),
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11 or the member may, on retirement, elect to receive the actuarial
12 equivalent of the member's retirement allowance, in a lesser retirement
13 allowance payable throughout life, with the provision that:

14 Option 1. If the member dies before the member has received in
15 payments the present value of the retirement allowance as it was at the
16 time of retirement, the balance shall be paid to a legal representative
17 or to such person as the member shall nominate by written designation
18 acknowledged and filed with the retirement system, either in a lump
19 sum or by equal payments over a period of years at the option of the
20 payee. If the member shall have designated a natural person as the
21 payee, the payee may elect to receive such payments in the form of a
22 life annuity.

23 Option 2. Upon the member's death, the member's retirement
24 allowance shall be continued throughout the life of and paid to such
25 person as the member shall nominate by written designation duly
26 acknowledged and filed with the retirement system at the time of
27 retirement.

28 Option 3. Upon the member's death, one-half of the member's
29 retirement allowance shall be continued throughout the life of and paid
30 to such person as the member shall nominate by written designation
31 duly acknowledged and filed with the retirement system at the time of
32 retirement.

33 Option 4. Some other benefit or benefits shall be paid either to the
34 member or to whomever the member nominates, if such other benefit
35 or benefits, together with the lesser retirement allowance, shall be
36 certified by the actuary to be of equivalent actuarial value. In no case,
37 however, shall the lesser retirement allowance be smaller than that
38 provided under Option 2.

39 Option 5. Some other benefit, which is equivalent to the full
40 amount, three-quarters, one-half or one-quarter of the member's
41 retirement allowance, shall be paid to whomever the member
42 nominates and if that nominee dies before the member, the member's
43 retirement allowance shall increase to the maximum retirement
44 allowance for the member's lifetime, provided that such other benefit
45 together with the member's lesser and maximum retirement allowances

1 shall be certified by the actuary to be of equivalent actuarial value.

2 If the total amount of benefits paid to a retirant who does not elect
3 to receive benefits in the form of an optional settlement, or to the
4 retirant and the designated beneficiary in the case of a retirant who
5 does so elect, before the death of the retirant or the retirant and the
6 beneficiary is less than the deductions accumulated in the retirant's
7 account at the time of retirement, including regular interest, the
8 balance shall be paid in one lump sum to the retirant's designated
9 beneficiary or estate in the manner provided in section 16 of P.L.1973,
10 c.140 (C.43:6A-16).

11 Except in the case of members who have elected to receive (1) a
12 deferred retirement allowance pursuant to section 11 of P.L.1973,
13 c.140 (C.43:6A-11) or (2) early retirement allowances pursuant to
14 section 10 of P.L.1973, c.140 (C.43:6A-10) after separation from
15 service pursuant to section 11, if a member dies within 30 days after
16 the date of retirement or the date of approval by the State House
17 Commission, whichever is later, the member's retirement allowance
18 shall not become effective and the member shall be considered an
19 active member at the time of death. However, if the member dies after
20 the date the application for retirement was filed with the system, the
21 retirement shall become effective if:

22 a. The deceased member had designated a beneficiary under an
23 optional settlement provided by this section; and

24 b. The surviving beneficiary requests in writing that the State
25 House Commission make such a selection. Upon formal action by the
26 commission approving that request, the request shall be irrevocable.

27 The commission may select an Option 3 settlement, on behalf of the
28 beneficiary of a member who applied for and was eligible for
29 retirement but who died prior to the effective date of the retirement
30 allowance, if all of the above conditions, with the exception of a., are
31 met.

32 Nothing in this act, P.L. , c. (C.) (now pending before the
33 Legislature as this bill), shall affect the payment of the survivor
34 benefits under section 18 of P.L.1973, c. (C.43:6A-18).

35

36 2. Whenever a member of the Judicial Retirement System elects a
37 retirement allowance which is payable for the life of the member only
38 and terminating at the member's death, without refund of any kind to
39 the member's spouse, the member shall be required, before electing
40 that benefit, to sign a form stating that the member has elected that
41 benefit, that the member understands that it is payable during the
42 member's lifetime only and that no benefits will be payable to the
43 member's spouse after death, other than the survivor benefits provided
44 by section 18 of P.L.1973, c.140 (C.43:6A-18) and any applicable life
45 insurance benefits. The Division of Pensions and Benefits in the
46 Department of the Treasury shall notify the member's spouse if the

1 member identifies the spouse on the form. Notification shall be by
2 certified mail to the spouse's address as provided on the form by the
3 member. If the member has not provided an address for the spouse on
4 the form, the division shall send the notice, by certified mail, to the
5 spouse at the member's address. The notice shall advise the spouse
6 that the retirement benefit chosen by the member is payable during the
7 member's lifetime only and that no benefits, other than the survivor
8 benefits provided by section 18 of P.L.1973, c.140 (C.43:6A-18) and
9 any applicable life insurance benefits, shall be payable to the
10 beneficiary after the member's death.

11

12 3. A retired justice of the Supreme Court, judge of the Superior
13 Court or judge of the Tax Court, on the effective date of this act,
14 P.L. , c. (C) (now pending before the Legislature as this bill),
15 may elect an optional settlement as authorized in section 1 of this act,
16 applicable to the retirement allowance payable after the effective date
17 of the optional settlement, if the retired justice or judge applies for an
18 optional settlement in accordance with the procedures established by
19 the Division of Pensions and Benefits within six months of the
20 effective date of this act.

21

22 4. This act shall take effect on the 30th day after enactment.

23

24

25

STATEMENT

26

27 This bill allows members of the Judicial Retirement System (JRS)
28 to elect to receive a reduced retirement allowance in order to provide
29 a benefit to a named beneficiary. The member, for example, may
30 receive a lesser retirement allowance payable throughout life and upon
31 the member's death, a retirement allowance in the same amount would
32 be paid to a designated beneficiary throughout that person's life. The
33 five optional settlements in the bill are the same as those currently
34 available to members of the Public Employees' Retirement System and
35 the Teachers' Pension and Annuity Fund.

36 The bill also provides that within six months of its effective date, a
37 retired JRS member may elect an optional settlement for a reduced
38 retirement allowance, applicable to the member's retirement allowance
39 payable thereafter so that such selection will not incur a cost to JRS.

40 The bill allows JRS members to reduce their retirement allowance
41 to provide benefits to a named beneficiary in addition to the JRS
42 survivor benefits currently provided by law.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2323

STATE OF NEW JERSEY

DATED: JUNE 17, 2002

The Assembly State Government Committee reports favorably Assembly Bill No. 2323.

This bill allows members of the Judicial Retirement System (JRS) to elect to receive a reduced retirement allowance in order to provide a benefit to a named beneficiary. The member, for example, may receive a lesser retirement allowance payable throughout life and upon the member's death, a retirement allowance in the same amount would be paid to a designated beneficiary throughout that person's life. The five optional settlements in the bill are the same as those currently available to members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund.

The bill also provides that within six months of its effective date, a retired JRS member may elect an optional settlement for a reduced retirement allowance, applicable to the member's retirement allowance payable thereafter so that such selection will not incur a cost to JRS.

The bill allows JRS members to reduce their retirement allowance to provide benefits to a named beneficiary in addition to the JRS survivor benefits currently provided by law.

This bill is the same as Senate Bill No. 1553 of 2002.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2323
STATE OF NEW JERSEY
210th LEGISLATURE

DATED: JULY 16, 2002

SUMMARY

Synopsis:

Allows JRS member to reduce retirement allowance to provide survivor benefit.

Type of Impact:

Judicial Retirement System/benefit adjustment.

Agencies Affected:

Department of the Treasury, Division of Pensions and Benefits.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
State Cost	None	None	None

- ! Permits members and retirees of the Judicial Retirement System (JRS) to elect to receive a reduced retirement allowance in order to provide a benefit to a named beneficiary.
- ! Similar retirement options are available to members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF).
- ! No fiscal impact to the Judicial Retirement System is anticipated.
- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate.

BILL DESCRIPTION

Assembly Bill No. 2323 of 2002 allows members of the Judicial Retirement System to elect to receive a reduced retirement allowance in order to provide a benefit to a named beneficiary. Members may choose from among five survivor benefit options. The five optional settlements in the bill are the same as those currently available to members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund.

The bill also allows retired members of the JRS to elect an optional settlement for a reduced retirement allowance, applicable to the member's retirement allowance payable after such selection, so that the JRS will not incur a cost.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

The Division of Pensions and Benefits in the Department of the Treasury informally estimated that the implementation of the provisions of this bill will have no fiscal impact. The division's estimate is based on experience of administering similar retirement allowance options in the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The calculations for these options will be made by Judicial Retirement System actuaries so that there will be no additional cost to the system.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) concurs with the Executive estimate.

Section: *State Government*

Analyst: *James F. Vari*
Associate Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.