

52:18A-117

**LEGISLATIVE HISTORY CHECKLIST**  
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(Public retirement systems--  
permit transfer of annuity funds)

**NJSA:** 52:18A-117  
**LAWS OF:** 1993 **CHAPTER:** 42  
**BILL NO:** A1176  
**SPONSOR(S)** Moran and Connors  
**DATE INTRODUCED:** March 30, 1992  
**COMMITTEE:** **ASSEMBLY:** State Government  
**SENATE:** State Government  
**AMENDED DURING PASSAGE:** No  
**DATE OF PASSAGE:** **ASSEMBLY:** April 30, 1992  
**SENATE:** January 25, 1993  
**DATE OF APPROVAL:** February 4, 1993

**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

KBG:pp

P.L.1993, CHAPTER 42, approved February 4, 1993  
1992 Assembly No. 1176

1 AN ACT concerning supplemental annuity accounts and amending  
2 P.L.1963, c.123.

3

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

6 1. Section 11 of P.L.1963, c.123 (C.52:18A-117) is amended to  
7 read as follows:

8 11. a. Upon retirement under a State administered retirement  
9 system, a participant in the Variable Division shall receive a  
10 variable benefit under which the amount of the initial payment is  
11 determined by (1) appropriate actuarial factors as adopted from  
12 time to time by the council with the advice of the actuary, and  
13 by (2) the value of his accr as of the close of the calendar  
14 month in which the retirement becomes effective; and the  
15 amount of each subsequent payment shall be determined so as to  
16 reflect the amounts distributed to the Variable Benefit Account  
17 in accordance with the provisions of section 10, pursuant to rules  
18 and regulations adopted by the council. The benefit payable to a  
19 retired participant shall be in the form of a life annuity, unless  
20 the participant requests, upon written application filed with the  
21 council prior to retirement, that the value of such benefit be paid  
22 as a single cash payment or under such other optional method of  
23 settlement as the council may establish by rules and regulations  
24 on the advice of the actuary. In the event the value of a  
25 participant's account at retirement results in an annuity with  
26 initial monthly payments of less than \$10.00, the benefit shall be  
27 paid in a single cash payment.

28 b. A participant who is a member of the Public Employees'  
29 Retirement System of New Jersey or of the Teachers' Pension  
30 and Annuity Fund may request, upon written application filed  
31 with the council no earlier than 90 days and no later than 30 days  
32 before retirement, that an amount less than or equal to the  
33 outstanding balance of a loan borrowed from the retirement  
34 system under section 34 of P.L.1954, c.84 (C.43:15A-34) or  
35 N.J.S.18A:66-35 be subtracted and transferred from the  
36 participant's account and credited to the retirement system in  
37 repayment of that loan and that amount shall be transferred  
38 before determination of the benefit payable to the participant  
39 under subsection a. of this section.

40 (cf: P.L.1963, c. 123, s.11)

41 2. Section 14 of P.L.1963, c.123 (C.52:18A-120) is amended to  
42 read as follows:

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 14. a. Upon retirement under a State administered retirement  
2 system, a participant in the Fixed Division shall receive a fixed  
3 benefit under which the initial payment is determined by (1)  
4 appropriate actuarial factors, as adopted from time to time by  
5 the council with the advice of the actuary, and by (2) the value of  
6 his account as of the close of the calendar month in which the  
7 retirement becomes effective; and each subsequent payment shall  
8 be in the same amount, for the term of the benefit. The benefit  
9 payable to a retired participant shall be in the form of a life  
10 annuity, unless the participant requests, upon written application  
11 filed with the council prior to retirement, that the value of such  
12 benefit be paid as a single cash payment or under such other  
13 optional method of settlement as the council may establish by  
14 rules and regulations on the advice of the actuary. In the event  
15 the value of a participant's account at retirement results in an  
16 annuity with initial monthly payments of less than \$10.00, the  
17 benefit shall be paid in a single cash payment.

18 b. A participant who is a member of the Public Employees'  
19 Retirement System of New Jersey or of the Teachers' Pension  
20 and Annuity Fund may request, upon written application filed  
21 with the council no earlier than 90 days and no later than 30 days  
22 before retirement, that an amount less than or equal to the  
23 outstanding balance of a loan borrowed from the retirement  
24 system under section 34 of P.L.1954, c.84 (C.43:15A-34) or  
25 N.J.S.18A:66-35 be subtracted and transferred from the  
26 participant's account and credited to the retirement system in  
27 repayment of that loan and that amount shall be transferred  
28 before determination of the benefit payable to the participant  
29 under subsection a. of this section.

30 (cf: P.L.1963, c. 123, s.14)

31 3. This act shall take effect immediately.

#### 32 33 34 STATEMENT

35  
36 This bill allows members of the Public Employees' Retirement  
37 System (PERS) and the Teachers' Pension and Annuity Fund  
38 (TPAF) to transfer from their supplemental annuity account an  
39 amount less than or equal to the amount of outstanding loans  
40 from a retirement system in repayment of that loan immediately  
41 before retirement and prior to determination of benefits to be  
42 paid from the supplemental annuity. The Supplemental Annuity  
43 Collective Trust, N.J.S.A. 52:18A-107 et seq., enables active  
44 members of the State-administered retirement systems to make  
45 voluntary additional contributions to provide annuities to  
46 supplement their retirement allowances provided by such systems.

47 Under current law, a member of PERS or TPAF who retires  
48 without repaying the full amount borrowed from the retirement  
49 system forgoes payment of a retirement allowance until the  
50 aggregate amount of the loan is repaid. This bill allows members  
51 of PERS and TPAF who lack the funds to repay such loans  
52 outright to use contributions credited to their supplemental  
53 annuity accounts for repayment at time of retirement instead of  
54 postponing immediate payment of their retirement allowance.

1 Presently, members of PERS and TPAF can request that upon  
2 retirement the supplemental annuity benefit be paid as a single  
3 cash payment, which in turn could be used to repay retirement  
4 system loan, but that alternative means a lump-sum payment of  
5 the entire benefit instead of a reduced annuity benefit.

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10 Permits transfer from supplemental annuity accounts to repay  
11 certain retirement system loans.

1       14. a. Upon retirement under a State administered retirement  
2 system, a participant in the Fixed Division shall receive a fixed  
3 benefit under which the initial payment is determined by (1)  
4 appropriate actuarial factors, as adopted from time to time by  
5 the council with the advice of the actuary, and by (2) the value of  
6 his account as of the close of the calendar month in which the  
7 retirement becomes effective; and each subsequent payment shall  
8 be in the same amount, for the term of the benefit. The benefit  
9 payable to a retired participant shall be in the form of a life  
10 annuity, unless the participant requests, upon written application  
11 filed with the council prior to retirement, that the value of such  
12 benefit be paid as a single cash payment or under such other  
13 optional method of settlement as the council may establish by  
14 rules and regulations on the advice of the actuary. In the event  
15 the value of a participant's account at retirement results in an  
16 annuity with initial monthly payments of less than \$10.00, the  
17 benefit shall be paid in a single cash payment.

18       b. A participant who is a member of the Public Employees'  
19 Retirement System of New Jersey or of the Teachers' Pension  
20 and Annuity Fund may request, upon written application filed  
21 with the council no earlier than 90 days and no later than 30 days  
22 before retirement, that an amount less than or equal to the  
23 outstanding balance of a loan borrowed from the retirement  
24 system under section 34 of P.L.1954, c.84 (C.43:15A-34) or  
25 N.J.S.18A:66-35 be subtracted and transferred from the  
26 participant's account and credited to the retirement system in  
27 repayment of that loan and that amount shall be transferred  
28 before determination of the benefit payable to the participant  
29 under subsection a. of this section.

30 (cf: P.L.1963, c. 123, s.14)

31       3. This act shall take effect immediately.

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#### STATEMENT

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36       This bill allows members of the Public Employees' Retirement  
37 System (PERS) and the Teachers' Pension and Annuity Fund  
38 (TPAF) to transfer from their supplemental annuity account an  
39 amount less than or equal to the amount of outstanding loans  
40 from a retirement system in repayment of that loan immediately  
41 before retirement and prior to determination of benefits to be  
42 paid from the supplemental annuity. The Supplemental Annuity  
43 Collective Trust, N.J.S.A. 52:18A-107 et seq., enables active  
44 members of the State-administered retirement systems to make  
45 voluntary additional contributions to provide annuities to  
46 supplement their retirement allowances provided by such systems.

47       Under current law, a member of PERS or TPAF who retires  
48 without repaying the full amount borrowed from the retirement  
49 system forgoes payment of a retirement allowance until the  
50 aggregate amount of the loan is repaid. This bill allows members  
51 of PERS and TPAF who lack the funds to repay such loans  
52 outright to use contributions credited to their supplemental  
53 annuity accounts for repayment at time of retirement instead of  
54 postponing immediate payment of their retirement allowance.

1 Presently, members of PERS and TPAF can request that upon  
2 retirement the supplemental annuity benefit be paid as a single  
3 cash payment, which in turn could be used to repay retirement  
4 system loan, but that alternative means a lump-sum payment of  
5 the entire benefit instead of a reduced annuity benefit.  
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10 Permits transfer from supplemental annuity accounts to repay  
11 certain retirement system loans.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1176

STATE OF NEW JERSEY

DATED: MARCH 30, 1992

The Assembly State Government Committee reports favorably Assembly Bill No. 1176.

This bill allows members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) to transfer from their supplemental annuity account an amount less than or equal to the amount of outstanding loans from a retirement system in repayment of that loan immediately before retirement and prior to determination of benefits to be paid from the supplemental annuity. The Supplemental Annuity Collective Trust, N.J.S.A.52:18A-107 et seq., enables active members of the State-administered retirement systems to make voluntary additional contributions to provide annuities to supplement their retirement allowances provided by such systems.

Under current law, a member of PERS or TPAF who retires without repaying the full amount borrowed from the retirement system forgoes payment of a retirement allowance until the aggregate amount of the loan is repaid. This bill allows members of PERS and TPAF who lack the funds to repay such loans outright to use contributions credited to their supplemental annuity accounts for repayment at time of retirement instead of postponing immediate payment of their retirement allowance. Presently, members of PERS and TPAF can request that upon retirement the supplemental annuity benefit be paid as a single cash payment, which in turn could be used to repay retirement system loan, but that alternative means a lump-sum payment of the entire benefit instead of a reduced annuity benefit.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1176

STATE OF NEW JERSEY

DATED: JUNE 15, 1992

The Senate State Government Committee reports favorably Assembly Bill No. 1176.

This bill allows members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) to transfer from their supplemental annuity account an amount less than or equal to the amount of outstanding loans from a retirement system in repayment of that loan immediately before retirement and prior to determination of benefits to be paid from the supplemental annuity. The Supplemental Annuity Collective Trust, N.J.S.A.52:18A-107 et seq., enables active members of the State-administered retirement systems to make voluntary additional contributions to provide annuities to supplement their retirement allowances provided by such systems.

Under current law, a member of PERS or TPAF who retires without repaying the full amount borrowed from the retirement system forgoes payment of a retirement allowance until the aggregate amount of the loan is repaid. This bill allows members of PERS and TPAF who lack the funds to repay such loans outright to use contributions credited to their supplemental annuity accounts for repayment at time of retirement instead of postponing immediate payment of their retirement allowance. Presently, members of PERS and TPAF can request that upon retirement the supplemental annuity benefit be paid as a single cash payment, which in turn could be used to repay retirement system loan, but that alternative means a lump-sum payment of the entire benefit instead of a reduced annuity benefit.



LEGISLATIVE FISCAL ESTIMATE TO  
ASSEMBLY, No. 1176

STATE OF NEW JERSEY

DATED: May 20, 1992

Assembly Bill No. 1176 of 1992 allows members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) to transfer from their Supplemental Annuity Collective Trust account an amount less than or equal to the amount of any outstanding loans from a retirement system for repayment of that loan immediately before retirement and prior to determination of benefits to be paid from the supplemental annuity. Under current law, a member of PERS or TPAF who retires without repaying the full amount borrowed from the retirement system forgoes payment of a retirement allowance until the aggregate amount of the loan is repaid. This bill allows members of PERS and TPAF who lack the funds to repay such loans outright to use contributions credited to their supplemental annuity accounts for repayment at time of retirement instead of postponing immediate payment of their retirement allowance.

The Supplemental Annuity Collective Trust, N.J.S.A.52:18A-107 et seq., permits active members of the State-administered retirement systems to supplement their retirement benefits by making voluntary payroll deductions to be invested in common stocks and other equity securities by the State Investment Council. The income and any gains or losses are distributed to participants upon retirement as a variable annuity over 5 years, a variable annuity over 10 years or as a lump sum distribution. The lump sum distribution could be used to repay retirement system loans, but that alternative does not permit a reduced annuity benefit.

The Office of Legislative Services notes that this bill would require the Division of Pensions to modify certain forms but otherwise should not have any impact on the State.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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