

40A: 9-17 et al.

LEGISLATIVE HISTORY CHECKLIST

NJSA: 40A: 9-17 et al; 34:11-4.4, 52:18-11.1

(County and municipal employees-  
annuities-permit government to  
contract with private insurer)

LAWS OF: 1983

CHAPTER: 445

Bill No: A2271

Sponsor(s): Bryant and others

Date Introduced: December 20, 1982

Committee: Assembly: Labor

Senate: State Government, Federal & Interstate Relations and  
Veteran Affairs

Amended during passage: Yes

Amendments during passage denoted  
by asterisks.

Date of Passage: Assembly: April 25, 1983

Senate: December 12, 1983

Date of Approval: January 9, 1984

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

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ASSEMBLY, No. 2271

STATE OF NEW JERSEY

INTRODUCED DECEMBER 20, 1982

By Assemblymen BRYANT, RILEY, MARSELLA, Assemblywoman COSTA, Assemblymen PANKOK, HERMAN, MAZUR, COWAN, CHARLES, DOYLE, DEVERIN, DORIA, LESNIAK, BROWN, NAPLES, KELLY and THOMPSON

AN ACT concerning individual retirement annuities and amending N. J. S. 40A:9-17, N. J. S. 40A:10-17 \***[and]**\* \*,\* P. L. 1965, c. 173 \*and supplementing Title 40A of the New Jersey Statutes and Title 52 of the Revised Statutes\*.

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

1 1. N. J. S. 40A:9-17 is amended to read as follows:

2 40A:9-17. Whenever any person holding public office, position  
3 or employment, whose compensation is paid by any county or  
4 municipality or by any board, body, agency or commission thereof,  
5 or any board of education, shall indicate in writing to the proper  
6 disbursing officer his desire to have any deductions made from his  
7 compensation for payment: *a. to a credit union, organized under*  
8 *the laws of this State or of the United States, the membership of*  
9 *which is limited to public employees, or b. to an insurance company*  
10 *authorized to do business in this State for the purchase of an*  
11 *individual retirement annuity \*written on a group or individual*  
12 *basis\*, as defined by section 408 (b) of the Federal Internal Revenue*  
13 *Code of 1954 as amended (26 U. S. C. § 408 (b)), \*or c. to any State*  
14 *or federally chartered bank, savings bank, or savings and loan*  
15 *association selected by the employer for deposit into an individual*  
16 *retirement account, as defined by section 408 (a) of the Federal*  
17 *Internal Revenue Code of 1954 as amended (26 U. S. C. § 408 (a)),\**  
18 such deductions shall be made by the proper disbursing officer,

**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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Assembly committee amendments adopted March 14, 1983.

19 when directed so to do by resolution of the governing body of any  
 20 county or municipality or by resolution of the board, body, agency  
 21 or commission or board of education of which he is the disbursing  
 22 officer, and shall be transmitted to the treasurer of the credit union  
 23 **\*[or]** *\*,\* insurance company \*or the bank, savings bank, or sav-*  
 24 *ings and loan association\**. Any such written authorization may  
 25 be withdrawn upon filing notice of such withdrawal with the proper  
 26 disbursing officer.

1 2. N. J. S. 40A :10-17 is amended to read as follows:

2 40A :10-17. Contracts for group insurance **\*[and]** *\*,\* individual*  
 3 *retirement annuity programs \*or individual retirement accounts\**.  
 4 Any local unit or agency thereof, herein referred to as employers,  
 4A may:

5 a. Enter into contracts of group life, accidental death and  
 6 dismemberment, hospitalization, dental, medical, surgical, major  
 7 medical expense, or health and accident insurance with any in-  
 8 surance company or companies authorized to do business in this  
 9 State, or may contract with a nonprofit hospital service or medical  
 10 service or dental service corporation with respect to the benefits  
 11 which they are authorized to provide respectively. The contract  
 12 or contracts shall provide any one or more of such coverages for  
 13 the employees of such employer and may include their dependents;

14 b. Enter into a contract or contracts to provide drug prescrip-  
 15 tion and other health care benefits, or enter into a contract or con-  
 16 tracts to provide drug prescription and other health care benefits  
 17 as may be required to implement a duly executed collective negotia-  
 18 tion agreement, or as may be required to implement a determina-  
 19 tion by a local unit to provide such benefit or benefits to employees  
 20 not included in collective negotiations units**[.]**;

21 c. *Enter into a contract with an insurance company authorized*  
 22 *to do business in this State to provide \*to its employees\* on a*  
 23 *group \*or individual\* basis **\*[for]** *\*,\* individual retirement an-*  
 24 *nuities, as defined by section 408 (b) of the Federal Internal*  
 25 *Revenue Code of 1954 as amended (26 U. S. C. § 408 (b)). The*  
 26 *contract shall provide for coverage under these annuities of **\*[an]***  
 27 *\*any\* employee of the employer and may provide for \*the\* estab-*  
 28 *lishment of annuities on behalf of the **\*[spouses]** \*spouse\* of the*  
 29 *employee.**

30 Nothing herein contained shall be deemed to authorize coverage  
 31 of dependents of an employee under a group life insurance policy  
 32 or to allow the issuance of a group life insurance policy under  
 33 which the entire premium is to be derived from funds contributed  
 34 by the insured employees.

1 3. Section 4 of P. L. 1965, c. 173 (C. 34:11-4.4) is amended to  
2 read as follows:

3 4. No employer may withhold or divert any portion of an  
4 employee's wages unless:

5 a. The employer is required or empowered to do so by New  
6 Jersey or United States law; or

7 b. The amounts withheld or diverted are for:

8 (1) Contributions authorized either in writing by employees, or  
9 under a collective bargaining agreement, to employee welfare,  
10 insurance, hospitalization, medical or surgical or both, pension,  
11 retirement, and profit-sharing plans, *and to plans establishing*  
12 *individual retirement annuities \*on a group or individual basis\**,  
13 *as defined by section 408 (b) of the Federal Internal Revenue Code*  
14 *of 1954 as amended, (26 U. S. C. § 408 (b)) \*or individual retire-*  
14A *ment accounts at any State or federally chartered bank, savings*  
14B *bank, or savings and loan association, as defined by section 408 (a)*  
14C *of the Federal Internal Revenue Code of 1954, as amended (26*  
14D *U. S. C. § 408 (a)),\* for the employee, his spouse or both.*

15 (2) Contributions authorized either in writing by employees, or  
16 under a collective bargaining agreement, for payment into com-  
17 pany-operated thrift plans; or security option or security purchase  
18 plans to buy securities of the employing corporation, an affiliated  
19 corporation, or other corporations at market price or less, provided  
20 such securities are listed on a stock exchange or are marketable  
21 over the counter.

22 (3) Payments authorized by employees for payment into em-  
23 ployee personal savings accounts, such as payments to a credit  
24 union, saving fund society, savings and loan or building and loan  
25 association; and payments to banks for Christmas, vacation, or  
26 other savings funds; provided all such deductions are approved  
27 by the employer.

28 (4) Payments for company products purchased in accordance  
29 with a periodic payment schedule contained in the original purchase  
30 agreement; payments for employer loans to employees; in accord-  
31 ance with a periodic payment schedule contained in the original  
32 loan agreement; payments for safety equipment; payments for the  
33 purchase of United States Government bonds; and payments to  
34 correct payroll errors; provided all such deductions are approved  
35 by the employer.

36 (5) Contributions authorized by employees for organized and  
37 generally recognized charities, provided the deductions for such  
38 contributions are approved by the employer.

39 (6) Payments authorized by employees or their collective

40 bargaining agents for the rental of work clothing or uniforms or  
 41 for the laundering or dry cleaning of work clothing or uniforms;  
 42 provided the deductions for such payments are approved by the  
 43 employer.

44 (7) Labor organization dues and initiation fees, and such other  
 45 labor organization charges permitted by law.

46 (8) Such other contributions, deductions and payments as the  
 47 Commissioner of Labor **[and Industry]** may authorize by regula-  
 48 tion as proper and in conformity with the intent and purpose of this  
 49 act, if such deductions are approved by the employer.

1 \*4. Title 40A of the New Jersey Statutes is supplemented as  
 2 follows:

3 (New section) Any county or municipal government or any  
 4 board, body, agency or commission thereof may establish individual  
 5 retirement accounts, as defined by section 408 (a) of the Federal  
 6 Internal Revenue Code of 1954 as amended (26 U. S. C. § 408 (a)),  
 7 for any employee and for the spouse of the employee.

1 5. Title 52 of the Revised Statutes is supplemented as follows:

2 (New section) The State Treasurer may enter into a contract  
 3 with an insurance company authorized to do business in this State  
 4 to provide to its employees, on a group or individual basis, in-  
 5 dividual retirement annuities, as defined by section 408 (b) of the  
 6 Federal Internal Revenue Code of 1954 as amended (26 U. S. C.  
 7 § 408 (b)). The contract shall provide for coverage under these  
 8 annuities of any employee of the State and may provide for the  
 9 establishment of annuities on behalf of the spouse of the employee.\*

1 \***[4.]**\* \*6.\* This act shall take effect immediately.

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2

ASSEMBLY, No. 2271

STATE OF NEW JERSEY

INTRODUCED DECEMBER 20, 1982

By Assemblymen BRYANT, RILEY, MARSELLA, Assemblywoman COSTA, Assemblymen PANKOK, HERMAN, MAZUR, COWAN, CHARLES, DOYLE, DEVERIN, DORIA, LESNIAK, BROWN, NAPLES, KELLY and THOMPSON

AN ACT concerning individual retirement annuities and amending N. J. S. 40A:9-17, N. J. S. 40A:10-17 and P. L. 1965, c. 173.

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

1 1. N. J. S. 40A:9-17 is amended to read as follows:

2 40A:9-17. Whenever any person holding public office, position  
3 or employment, whose compensation is paid by any county or  
4 municipality or by any board, body, agency or commission thereof,  
5 or any board of education, shall indicate in writing to the proper  
6 disbursing officer his desire to have any deductions made from his  
7 compensation for payment: *a. to a credit union, organized under*  
8 *the laws of this State or of the United States, the membership of*  
9 *which is limited to public employees, or b. to an insurance company*  
10 *authorized to do business in this State for the purchase of an*  
11 *individual retirement annuity, as defined by section 408 (b) of the*  
12 *Federal Internal Revenue Code of 1954 as amended (26 U. S. C.*  
13 *§ 408 (b)), such deductions shall be made by the proper disbursing*  
14 *officer, when directed so to do by resolution of the governing body*  
15 *of any county or municipality or by resolution of the board, body,*  
16 *agency or commission or board of education of which he is the*  
17 *disbursing officer, and shall be transmitted to the treasurer of the*  
18 *credit union or insurance company. Any such written authorization*  
19 *may be withdrawn upon filing notice of such withdrawal with the*  
20 *proper disbursing officer.*

**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 printed in italics thus is new matter.**

1 2. N. J. S. 40A:10-17 is amended to read as follows:

2 40A:10-17. Contracts for group insurance *and individual retire-*  
3 *ment annuity programs*. Any local unit or agency thereof, herein  
4 referred to as employers, may:

5 a. Enter into contracts of group life, accidental death and  
6 dismemberment, hospitalization, dental, medical, surgical, major  
7 medical expense, or health and accident insurance with any in-  
8 surance company or companies authorized to do business in this  
9 State, or may contract with a nonprofit hospital service or medical  
10 service or dental service corporation with respect to the benefits  
11 which they are authorized to provide respectively. The contract  
12 or contracts shall provide any one or more of such coverages for  
13 the employees of such employer and may include their dependents;

14 b. Enter into a contract or contracts to provide drug prescrip-  
15 tion and other health care benefits, or enter into a contract or con-  
16 tracts to provide drug prescription and other health care benefits  
17 as may be required to implement a duly executed collective negotia-  
18 tion agreement, or as may be required to implement a determina-  
19 tion by a local unit to provide such benefit or benefits to employees  
20 not included in collective negotiations units[.];

21 c. *Enter into a contract with an insurance company authorized*  
22 *to do business in this State to provide on a group basis for*  
23 *individual retirement annuities, as defined by section 408 (b) of the*  
24 *Federal Internal Revenue Code of 1954 as amended (26 U. S. C.*  
25 *§ 408 (b)). The contract shall provide for coverage under these*  
26 *annuities of an employee of the employer and may provide for*  
27 *establishment of annuities on behalf of the spouses of the employee.*

28 Nothing herein contained shall be deemed to authorize coverage  
29 of dependents of an employee under a group life insurance policy  
30 or to allow the issuance of a group life insurance policy under  
31 which the entire premium is to be derived from funds contributed  
32 by the insured employees.

1 3. Section 4 of P. L. 1965, c. 173 (C. 34:11-4.4) is amended to  
2 read as follows:

3 4. No employer may withhold or divert any portion of an  
4 employee's wages unless:

5 a. The employer is required or empowered to do so by New  
6 Jersey or United States law; or

7 b. The amounts withheld or diverted are for:

8 (1) Contributions authorized either in writing by employees, or  
9 under a collective bargaining agreement, to employee welfare,  
10 insurance, hospitalization, medical or surgical or both, pension,  
11 retirement, and profit-sharing plans, *and to plans establishing*

12 *individual retirement annuities, as defined by section 408 (b) of the*  
13 *Federal Internal Revenue Code of 1954 as amended, (26 U. S. C.*  
14 *§ 408 (b)) for the employee, his spouse or both.*

15 (2) Contributions authorized either in writing by employees, or  
16 under a collective bargaining agreement, for payment into com-  
17 pany-operated thrift plans; or security option or security purchase  
18 plans to buy securities of the employing corporation, an affiliated  
19 corporation, or other corporations at market price or less, provided  
20 such securities are listed on a stock exchange or are marketable  
21 over the counter.

22 (3) Payments authorized by employees for payment into em-  
23 ployee personal savings accounts, such as payments to a credit  
24 union, saving fund society, savings and loan or building and loan  
25 association; and payments to banks for Christmas, vacation, or  
26 other savings funds; provided all such deductions are approved  
27 by the employer.

28 (4) Payments for company products purchased in accordance  
29 with a periodic payment schedule contained in the original purchase  
30 agreement; payments for employer loans to employees; in accord-  
31 ance with a periodic payment schedule contained in the original  
32 loan agreement; payments for safety equipment; payments for the  
33 purchase of United States Government bonds; and payments to  
34 correct payroll errors; provided all such deductions are approved  
35 by the employer.

36 (5) Contributions authorized by employees for organized and  
37 generally recognized charities, provided the deductions for such  
38 contributions are approved by the employer.

39 (6) Payments authorized by employees or their collective  
40 bargaining agents for the rental of work clothing or uniforms or  
41 for the laundering or dry cleaning of work clothing or uniforms;  
42 provided the deductions for such payments are approved by the  
43 employer.

44 (7) Labor organization dues and initiation fees, and such other  
45 labor organization charges permitted by law.

46 (8) Such other contributions, deductions and payments as the  
47 Commissioner of Labor [and Industry] may authorize by regula-  
48 tion as proper and in conformity with the intent and purpose of this  
49 act, if such deductions are approved by the employer.

1 4. This act shall take effect immediately.



A2271 (1982)

4

**STATEMENT**

The purpose of this bill is (1) to allow county and municipal public employers to enter into contracts with insurance companies to provide their employees with group individual retirement annuities ("IRA's") covering the employees and their spouses, and (2) to permit both those local employers and private employers to withhold from their employees' wages contributions to such insurer-sponsored IRA's.

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ASSEMBLY LABOR COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2271

STATE OF NEW JERSEY

DATED: MARCH 14, 1983

This bill, as amended by the Assembly Labor Committee, permits State and local governments to provide independent retirement annuities and independent retirement accounts (IRA's) for their employees. The bill would also permit both public and private employers to make payroll deductions for the annuities or accounts.

The annuities, which are a type of insurance, could be made available on a group or individual basis. The independent retirement accounts would be established through State or federally chartered banks, savings banks, and savings and loan associations. The committee amendments would permit the employer to choose the financial institution.

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

STATEMENT TO  
**ASSEMBLY, No. 2271**

[OFFICIAL COPY REPRINT]

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**STATE OF NEW JERSEY**

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DATED: OCTOBER 3, 1983

This bill authorizes public and private employers to provide for employee deductions for the establishment of independent retirement annuities and independent retirement accounts. The annuity program would be made available through an insurance company authorized to do business in this State. The IRA program would be made available through any State or federally chartered bank, savings bank or savings and loan association selected by the employer for deposit.

RELEASE: IMMEDIATE

CONTACT: PAUL WOLCOTT

TUESDAY, JANUARY 10, 1984

Governor Thomas H. Kean has signed the following bills:

S-892, sponsored by State Senator C. Louis Bassano, R-Union, which requires that persons considering the purchase of portable kerosene heaters be provided with information on the dangers of the device.

S-1102, sponsored by State Senator Walter Rand, D-Camden, which allows county sheriffs to join the Police and Fireman's Retirement System.

S-1968, sponsored by State Senator Leonard T. Connors, Jr., R-Ocean, which authorizes the leasing of public property not needed for public use by either open bidding at auction or by sealed bid, at the option of the local unit.

S-3030, sponsored by State Senator Carmen A. Orechio, D-Essex, which amends the Unfair Cigarette Sales Act of 1952 to provide that normal discounts for cash payments must be deducted from the invoice when "basic cost of cigarettes" is calculated.

S-3436, sponsored by State Senator Herman Costello, D-Burlington, which permits the waiver of a restriction on property conveyed by Burlington City to Mitchel Fire Company that the property must be used for firefighting.

A-2271, sponsored by Assemblyman Wayne R. Bryant, D-Camden, which permits State and Local Governments to provide independent retirement annuities and independent retirement accounts (IRAS) for their employees and permits withholding of wages for such purposes.

A-3177, sponsored by Assemblyman D. Bennett Mazur, D-Bergen, which prohibits the arbitrary ejection of terminally ill tenants in owner-occupied buildings of less than three units.