

**ASSEMBLY, No. 1582**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblyman ERIC HOUGHTALING**

**District 11 (Monmouth)**

**Assemblywoman JOANN DOWNEY**

**District 11 (Monmouth)**

**Assemblyman RONALD S. DANCER**

**District 12 (Burlington, Middlesex, Monmouth and Ocean)**

**Co-Sponsored by:**

**Assemblyman Benson**

**SYNOPSIS**

Increases gross income tax pension and retirement income exclusion for certain taxpayers.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1   **AN ACT** increasing the gross income tax pension and retirement  
2   income exclusion, amending N.J.S.54A:6-10 and P.L.1977,  
3   c.273.

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

7  
8   1. N.J.S.54A:6-10 is amended to read as follows:  
9   54A:6-10. Pensions and annuities.

10   a. Gross income shall not include that part of any amount  
11 received as an annuity under an annuity, endowment, or life  
12 insurance contract which bears the same ratio to such amount as the  
13 investment in the contract as of the annuity starting date bears to the  
14 expected return under the contract as of such date. Where (1) part  
15 of the consideration for an annuity, endowment, or life insurance  
16 contract is contributed by the employer, and (2) during the three-  
17 year period beginning on the date on which an amount is first  
18 received under the contract as an annuity, the aggregate amount  
19 receivable by the employee under the terms of the contract is equal  
20 to or greater than the consideration for the contract contributed by  
21 the employee, then all amounts received as an annuity under the  
22 contract shall be excluded from gross income until there has been so  
23 excluded an amount equal to the consideration for the contract  
24 contributed by the employee.

25   b. (1) In addition to that part of any amount received as an  
26 annuity which is excludable from gross income as herein provided,  
27 gross income shall not include payments:

28   for taxable years beginning before January 1, 2000, of up to  
29 \$10,000 for a married couple filing jointly, \$5,000 for a married  
30 person filing separately, or \$7,500 for an individual filing as a  
31 single taxpayer or an individual determining tax pursuant to  
32 subsection a. of N.J.S.54A:2-1;

33   for the taxable year beginning on or after January 1, 2000, but  
34 before January 1, 2001, of up to \$12,500 for a married couple filing  
35 jointly, \$6,250 for a married person filing separately, or \$9,375 for  
36 an individual filing as a single taxpayer or an individual  
37 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

38   for the taxable year beginning on or after January 1, 2001, but  
39 before January 1, 2002, of up to \$15,000 for a married couple filing  
40 jointly, \$7,500 for a married person filing separately, or \$11,250 for  
41 an individual filing as a single taxpayer or an individual  
42 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

43   for the taxable year beginning on or after January 1, 2002, but  
44 before January 1, 2003, of up to \$17,500 for a married couple filing  
45 jointly, \$8,750 for a married person filing separately, or \$13,125 for

**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 an individual filing as a single taxpayer or an individual  
2 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

3 for taxable years beginning on or after January 1, 2003, but  
4 before January 1, 2017 of up to \$20,000 for a married couple filing  
5 jointly, \$10,000 for a married person filing separately, or \$15,000  
6 for an individual filing as a single taxpayer or an individual  
7 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

8 for taxable years beginning on or after January 1, 2017, but  
9 before January 1, 2018, of up to \$40,000 for a married couple filing  
10 jointly, \$20,000 for a married person filing separately, or \$30,000  
11 for an individual filing as a single taxpayer or an individual  
12 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

13 for taxable years beginning on or after January 1, 2018, but  
14 before January 1, 2019, of up to \$60,000 for a married couple filing  
15 jointly, \$30,000 for a married person filing separately, or \$45,000  
16 for an individual filing as a single taxpayer or an individual  
17 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

18 for taxable years beginning on or after January 1, 2019, but  
19 before January 1, 2020, of up to \$80,000 for a married couple filing  
20 jointly, \$40,000 for a married person filing separately, or \$60,000  
21 for an individual filing as a single taxpayer or an individual  
22 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

23 for taxable years beginning on or after January 1, 2020, but  
24 before January 1, 2021, of up to \$100,000 for a married couple  
25 filing jointly, \$50,000 for a married person filing separately, or  
26 \$75,000 for an individual filing as a single taxpayer or an individual  
27 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

28 for taxable years beginning on or after January 1, 2021, but  
29 before January 1, 2022, of up to \$120,000 for a married couple  
30 filing jointly, \$50,000 for a married person filing separately, or  
31 \$80,000 for an individual filing as a single taxpayer or an individual  
32 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

33 for taxable years beginning on or after January 1, 2022, but  
34 before January 1, 2023, of up to \$140,000 for a married couple  
35 filing jointly, \$50,000 for a married person filing separately, or  
36 \$85,000 for an individual filing as a single taxpayer or an individual  
37 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

38 for taxable years beginning on or after January 1, 2023, but  
39 before January 1, 2024, of up to \$160,000 for a married couple  
40 filing jointly, \$50,000 for a married person filing separately, or  
41 \$90,000 for an individual filing as a single taxpayer or an individual  
42 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

43 for taxable years beginning on or after January 1, 2024, but  
44 before January 1, 2025, of up to \$180,000 for a married couple  
45 filing jointly, \$50,000 for a married person filing separately, or  
46 \$95,000 for an individual filing as a single taxpayer or an individual  
47 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

1     for taxable years beginning on or after January 1, 2025, of up to  
2     \$200,000 for a married couple filing jointly, \$50,000 for a married  
3     person filing separately, or \$100,000 for an individual filing as a  
4     single taxpayer or an individual determining tax pursuant to  
5     subsection a. of N.J.S.54A:2-1,

6     which are received as an annuity, endowment or life insurance  
7     contract, or payments of any such amounts which are received as  
8     pension, disability, or retirement benefits, under any public or  
9     private plan, whether the consideration therefor is contributed by  
10    the employee or employer or both, by any person who is 62 years of  
11    age or older or who, by virtue of disability, is or would be eligible  
12    to receive payments under the federal Social Security Act.

13    (2) For taxable years beginning on or after January 1, 2005,  
14    before January 1, 2021, the exclusion provided by this subsection  
15    shall only be allowed if the taxpayer has gross income for the  
16    taxable year of not more than \$100,000;

17    for taxable years beginning on or after January 1, 2021, but  
18    before January 1, 2022, the exclusion provided by the subsection  
19    shall only be allowed if the taxpayer has gross income for the  
20    taxable year of not more than \$120,000;

21    for taxable years beginning on or after January 1, 2022, but  
22    before January 1, 2023, the exclusion provided by the subsection  
23    shall only be allowed if the taxpayer has gross income for the  
24    taxable year of not more than \$140,000;

25    for taxable years beginning on or after January 1, 2023, but  
26    before January 1, 2024, the exclusion provided by the subsection  
27    shall only be allowed if the taxpayer has gross income for the  
28    taxable year of not more than \$160,000;

29    for taxable years beginning on or after January 1, 2024, but  
30    before January 1, 2025, the exclusion provided by the subsection  
31    shall only be allowed if the taxpayer has gross income for the  
32    taxable year of not more than \$180,000;

33    for taxable years beginning on or after January 1, 2025, the  
34    exclusion provided by the subsection shall only be allowed if the  
35    taxpayer has gross income for the taxable year of not more than  
36    \$200,000.

37    c. Gross income shall not include any amount received under  
38    any public or private plan by reason of a permanent and total  
39    disability.

40    d. Gross income shall not include distributions from an  
41    employees' trust described in section 401(a) of the Internal Revenue  
42    Code of 1986, as amended (hereinafter referred to as "the Code"),  
43    which is exempt from tax under section 501(a) of the Code if the  
44    distribution, except the portion representing the employees'  
45    contributions, is rolled over in accordance with section 402(a)(5) or  
46    section 403(a)(4) of the Code. The distribution shall be paid in one  
47    or more installments which constitute a lump-sum distribution  
48    within the meaning of section 402(e)(4)(A) (determined without

reference to subsection (e)(4)(B)), or be on account of a termination of a plan of which the trust is a part or, in the case of a profit-sharing or stock bonus plan, a complete discontinuance of contributions under such plan.

(cf: P.L.2016, c.57, s.9)

2. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to read as follows:

3. Other retirement income. a. (1) Gross income shall not include income:

for taxable years beginning before January 1, 2000, of up to \$10,000 for a married couple filing jointly, \$5,000 for a married person filing separately, or \$7,500 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for the taxable year beginning on or after January 1, 2000, but before January 1, 2001, of up to \$12,500 for a married couple filing jointly, \$6,250 for a married person filing separately, or \$9,375 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for the taxable year beginning on or after January 1, 2001, but before January 1, 2002, of up to \$15,000 for a married couple filing jointly, \$7,500 for a married person filing separately, or \$11,250 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for the taxable year beginning on or after January 1, 2002, but before January 1, 2003, of up to \$17,500 for a married couple filing jointly, \$8,750 for a married person filing separately, or \$13,125 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2003, but before January 1, 2017, gross income shall not include income of up to \$20,000 for a married couple filing jointly, \$10,000 for a married person filing separately, or \$15,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2017 but before January 1, 2018, gross income shall not include income of up to \$40,000 for a married couple filing jointly, \$20,000 for a married person filing separately, or \$30,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2018, but before January 1, 2019, gross income shall not include income of up to \$60,000 for a married couple filing jointly, \$30,000 for a married person filing separately, or \$45,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

1 for taxable years beginning on or after January 1, 2019, but  
2 before January 1, 2020, gross income shall not include income of up  
3 to \$80,000 for a married couple filing jointly, \$40,000 for a married  
4 person filing separately, or \$60,000 for an individual filing as a  
5 single taxpayer or an individual determining tax pursuant to  
6 subsection a. of N.J.S.54A:2-1;

7 for taxable years beginning on or after January 1, 2020, but  
8 before January 1, 2021, gross income shall not include income of up  
9 to \$100,000 for a married couple filing jointly, \$50,000 for a  
10 married person filing separately, or \$75,000 for an individual filing  
11 as a single taxpayer or an individual determining tax pursuant to  
12 subsection a. of N.J.S.54A:2-1;

13 for taxable years beginning on or after January 1, 2021, but  
14 before January 1, 2022, gross income shall not include income of up  
15 to \$120,000 for a married couple filing jointly, \$50,000 for a  
16 married person filing separately, or \$80,000 for an individual filing  
17 as a single taxpayer or an individual determining tax pursuant to  
18 subsection a. of N.J.S.54A:2-1;

19 for taxable years beginning on or after January 1, 2022, but  
20 before January 1, 2023, gross income shall not include income of up  
21 to \$140,000 for a married couple filing jointly, \$50,000 for a  
22 married person filing separately, or \$85,000 for an individual filing  
23 as a single taxpayer or an individual determining tax pursuant to  
24 subsection a. of N.J.S.54A:2-1;

25 for taxable years beginning on or after January 1, 2023, but  
26 before January 1, 2024, gross income shall not include income of up  
27 to \$160,000 for a married couple filing jointly, \$50,000 for a  
28 married person filing separately, or \$90,000 for an individual filing  
29 as a single taxpayer or an individual determining tax pursuant to  
30 subsection a. of N.J.S.54A:2-1;

31 for taxable years beginning on or after January 1, 2024, but  
32 before January 1, 2025, gross income shall not include income of up  
33 to \$180,000 for a married couple filing jointly, \$50,000 for a  
34 married person filing separately, or \$95,000 for an individual filing  
35 as a single taxpayer or an individual determining tax pursuant to  
36 subsection a. of N.J.S.54A:2-1;

37 for taxable years beginning on or after January 1, 2025, gross  
38 income shall not include income of up to \$200,000 for a married  
39 couple filing jointly, \$50,000 for a married person filing separately,  
40 or \$100,000 for an individual filing as a single taxpayer or an  
41 individual determining tax pursuant to subsection a. of N.J.S.54A:2-  
42 1,

43 when received in any tax year by a person aged 62 years or older  
44 who received no income in excess of \$3,000 from one or more of  
45 the sources enumerated in subsections a., b., k. and p. of  
46 N.J.S.54A:5-1.

47 (2) For taxable years beginning on or after January 1, 2005,  
48 before January 1, 2021, the exclusion provided by this subsection

1 shall only be allowed if the taxpayer has gross income for the  
2 taxable year of not more than \$100,000;

3 for taxable years beginning on or after January 1, 2021, but  
4 before January 1, 2022, the exclusion provided by the subsection  
5 shall only be allowed if the taxpayer has gross income for the  
6 taxable year of not more than \$120,000;

7 for taxable years beginning on or after January 1, 2022, but  
8 before January 1, 2023, the exclusion provided by the subsection  
9 shall only be allowed if the taxpayer has gross income for the  
10 taxable year of not more than \$140,000;

11 for taxable years beginning on or after January 1, 2023, but  
12 before January 1, 2024, the exclusion provided by the subsection  
13 shall only be allowed if the taxpayer has gross income for the  
14 taxable year of not more than \$160,000;

15 for taxable years beginning on or after January 1, 2024, but  
16 before January 1, 2025, the exclusion provided by the subsection  
17 shall only be allowed if the taxpayer has gross income for the  
18 taxable year of not more than \$180,000;

19 for taxable years beginning on or after January 1, 2025, the  
20 exclusion provided by the subsection shall only be allowed if the  
21 taxpayer has gross income for the taxable year of not more than  
22 \$200,000.

23 (3) The total exclusion under this subsection and that allowable  
24 under N.J.S.54A:6-10 shall not exceed the amounts of the  
25 exclusions set forth in this subsection.

26 b. In addition to the exclusion provided under N.J.S.54A:6-10  
27 and subsection a. of this section, gross income shall not include  
28 income of up to \$6,000 for a married couple filing jointly or an  
29 individual determining tax pursuant to subsection a. of N.J.S.54A:2-  
30 1, or \$3,000 for a single person or a married person filing  
31 separately, who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-  
32 3, but who would be eligible in any year to receive payments under  
33 either section if he or she were covered thereby.

34 (cf: P.L.2016, c.57, s.10)

35  
36 3. This act shall take effect immediately.

#### 37 38 39 STATEMENT

40  
41 This bill increases the gross income tax pension and retirement  
42 income exclusions for married taxpayers filing jointly and  
43 individuals.

44 Under current law, a taxpayer who is at least 62 years old and  
45 has \$100,000 or less of annual income may claim a pension and  
46 retirement income exclusion. Per P.L.2016, c.57, the amount of this  
47 exclusion increases each year, up to \$100,000 for joint filers,

1     \$75,000 for individuals, and \$50,000 for married but filing  
2     separately, for taxable years beginning on or after January 1, 2020.

3         This bill increases the amount of the exclusion for joint and  
4     individual taxpayers as follows:

5

Filer	2021	2022	2023	2024	2025
<i>Joint</i>	\$120,000	\$140,000	\$160,000	\$180,000	\$200,000
<i>Individual</i>	\$80,000	\$85,000	\$90,000	\$95,000	\$100,000

6

7         The exclusion amount for taxpayers who are married but filing  
8     separately remains unchanged by this bill, at \$50,000.

9         The bill also increases the income threshold applicable to the  
10    exclusion, above which the exclusion may not be claimed, as  
11    follows:

12

2021	2022	2023	2024	2025
\$120,000	\$140,000	\$160,000	\$180,000	\$200,000

13