

ASSEMBLY, No. 1634

STATE OF NEW JERSEY

INTRODUCED MARCH 4, 1996

By Assemblyman KRAMER

1 AN ACT concerning death benefits in the alternate benefit program and
2 amending P.L.1969, c.242.

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

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7 1. Section 10 of P.L.1969, c.242 (C.18A:66-176) is amended to
8 read as follows:

9 10. As of July 1, 1969 the group contract providing life insurance
10 and disability benefits for all participants in the alternate benefit
11 program of each public institution of higher education in the State
12 shall be on a non-contributory basis and shall be in lieu of any
13 non-contributory and contributory benefits provided pursuant to
14 sections 18A:64C-11.1 to 18A:64C-11.9 (inclusive) and article 16 of
15 chapter 65 of Title 18A of the New Jersey Statutes, chapters 278 and
16 281 of the laws of 1967, and chapter 181 of the laws of 1968. In
17 accordance with the provisions of this act such group contract or
18 contracts providing life insurance shall be in an amount equal to 3 1/2
19 times the base annual salary of the participant in the alternate benefit
20 program; provided, however, that if death shall occur [after the
21 participant shall have attained age 70 or in the event of death] after
22 retirement, the amount payable shall equal 1/2 of the participant's base
23 annual salary.

24 For purposes of this section a participant shall be deemed to be in
25 service and covered by the group life insurance for a period of no
26 more than 93 days while on official leave of absence without pay when
27 such leave is due to any reason other than illness, except for a leave up
28 to 1 year to fulfill a residency requirement for an advanced degree, for
29 a period of no more than one year in the event of an official leave due
30 to maternity and for a period of no more than 2 years if satisfactory
31 evidence is presented to the Division of Pensions and Benefits that
32 such official leave of absence without pay is due to illness. A
33 participant shall be deemed to be on an official leave of absence only
34 if the leave is formally approved by his employer prior to the time the

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 leave commenced and timely notice is filed by the employer with the
2 Division of Pensions and Benefits; the lack of such timely notice shall
3 place the responsibility for the payment of any benefits pursuant to this
4 section directly upon the employer if the participant was otherwise
5 eligible for such benefits.

6 In the event of the death of a participant in active service in the first
7 year of participation as a result of an accident met in the actual
8 performance of duty at some definite time and place, the death benefit
9 payable pursuant to this section shall be computed at the annual rate
10 of base salary.

11 No beneficiary of a retired member shall be entitled to receive the
12 death benefits payable in the event of death after retirement pursuant
13 to this section unless such member (a) had at least 10 years of credited
14 New Jersey participation in an alternate benefit program established
15 pursuant to this act and (b) had attained 60 years of age and was an
16 actively employed participant in such a program in the year
17 immediately preceding his initial receipt of a retirement annuity.

18 (cf: P.L.1969, c.242, s.10)

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20 2. Section 17 of P.L.1969, c.242 (C.18A:66-183) is amended to
21 read as follows:

22 17. The designation of beneficiary by a participant or retirant shall
23 be made in writing on a form satisfactory to the Division of Pensions
24 and Benefits and filed with the division. The participant or retirant
25 may, from time to time and without the consent of his designee,
26 change the beneficiary by filing a written notice of the change on a
27 satisfactory form. The new nomination will be effective on the date
28 the notice, in proper form, is received and any prior nomination shall
29 thereupon become void.

30 If more than one beneficiary is nominated and in such nomination
31 the participant or retirant has failed to specify their respective
32 interests, the beneficiaries shall share equally. If any beneficiary
33 predeceases the participant or retirant, the interest of such beneficiary
34 shall terminate and shall be shared equally by such of the beneficiaries
35 as survive the participant or retirant, unless the participant or retirant
36 has made written request to the contrary in his beneficiary nomination.

37 Any amounts due for which there is no beneficiary at the death of
38 a participant, retirant or beneficiary shall be payable to the estate of
39 such participant, retirant or beneficiary.

40 Except with regard to the payment of the group life insurance death
41 benefit upon the death of a [participant age 70 or more or of a]
42 retirant, a participant may elect, by making written request, that the
43 whole or any part of his group life death benefits be made payable to
44 his beneficiary either as a life annuity or in equal installments over a
45 period of years specified in such election, and may alter such election
46 from time to time during his lifetime by again making such written

1 request. In the event of a change of beneficiary, any previous
2 arrangement by the participant or retirant under this paragraph shall be
3 void. The election set forth in this paragraph shall not apply or be
4 available when the beneficiary is an estate, or a corporation,
5 partnership, association, institution, trustee, or any fiduciary.

6 If, at the participant's death, an amount of group life death benefit
7 would be payable to the beneficiary in a single sum, any election with
8 regard to such amount which was available to the participant
9 immediately prior to his death in accordance with the preceding
10 paragraph shall then be available to such beneficiary for the benefit of
11 such beneficiary.

12 With respect to any death benefits payable on the basis of the
13 individual retirement annuity contract or contracts, all settlement
14 options will be made available to the participant, retirant or beneficiary
15 as are allowed by the insurer or insurers.

16 The provisions of this section shall be construed separately with
17 respect to each of the death benefits for which a beneficiary is
18 designated by the participant or retirant.

19 (cf: P.L.1969, c.242, s.17)

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21 3. This act shall take effect immediately and shall be retroactive to
22 July 1, 1995.

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25 STATEMENT

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27 This bill eliminates the provision in the alternate benefit program
28 that if a participant dies after attaining age 70 or more, the life
29 insurance benefit payable is reduced from 3 1/2 times to 1/2 the
30 participant's base annual salary. Such a provision is discrimination
31 based upon age and should be removed from New Jersey's law.

32 This act shall take effect immediately and shall be retroactive to
33 July 1, 1995.

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38 Eliminates reduction of the death benefit for participants age 70 or
39 more in the alternate benefit program.