

SENATE, No. 1878

STATE OF NEW JERSEY

INTRODUCED MARCH 10, 1997

By Senator MATHEUSSEN

1 AN ACT concerning annuities for volunteer fire fighters,
2 supplementing chapters 10 and 14 of Title 40A of the New Jersey
3 Statutes and amending N.J.S.40A:10-31.

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

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8 1. (New section) In addition to the powers granted to
9 municipalities under Title 40A of the New Jersey Statutes, a
10 municipality that maintains a volunteer fire department has one or
11 more incorporated volunteer fire companies may enter into a contract
12 or contracts with an insurance company authorized to do business in
13 this State to provide members of the volunteer fire department or
14 members of an incorporated volunteer fire company, on a group or
15 individual basis, individual retirement annuities as defined by section
16 408(b) of the Federal Internal Revenue Code of 1954 as amended (26
17 U.S.C.§408(b)). The contract or contracts shall provide for coverage
18 under these annuities of such volunteers and may provide for the
19 establishment of annuities on behalf of the spouses of the volunteers.
20 In the discretion of the governing body of the municipality, it may
21 appropriate and pay all or any portion of the costs of such contract or
22 contracts.

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24 2. (New section) The board of commissioners of a fire district that
25 maintains a volunteer fire department or has one or more incorporated
26 volunteer fire companies affording fire protection to the fire district
27 may, in addition to any other benefit provided in Title 40A of the New
28 Jersey Statutes, enter into a contract or contracts with an insurance
29 company authorized to do business in this State to provide members
30 of the volunteer fire department or incorporated volunteer fire
31 company or companies, on a group or individual basis, individual
32 retirement annuities as defined by section 408(b) of the Federal
33 Internal Revenue Code of 1954 as amended (26 U.S.C.§408(b)). The
34 contract or contracts shall provide for coverage under these annuities

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 of such members and may provide for the establishment of annuities on
2 behalf of their spouses. By resolution, the board of commissioners
3 may appropriate and pay all or any portion of the costs of such
4 contract or contracts.

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6 3. N.J.S.40A:10-31 is amended to read as follows:

7 40A:10-31. A volunteer fireman shall not be ineligible to receive
8 any of the benefits under N.J.S.40A:10-29 [and], N.J.S.40A:10-30 or
9 section 2 of P.L. c. (C.) (now pending before the Legislature
10 as this bill) because he may otherwise receive any form of
11 compensation or salary from the municipality.

12 (cf: P.L.1979, c.230, s.1)

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14 4. This act shall take effect immediately.

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17 STATEMENT

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19 This bill was prompted by an Attorney General Opinion in
20 November of 1996 which advised the Department of Community
21 Affairs that, under his interpretation of current law, municipalities and
22 fire districts are not authorized to purchase annuity contracts for the
23 benefit of volunteer firefighters if the contracts provide for the
24 payment of annuity benefits to individuals in any event other than their
25 total permanent disability.

26 However, the loss of the use of such incentives is expected to
27 detract from the ability of communities to recruit and retain volunteer
28 firefighters. Therefore, this bill would clarify the right of
29 municipalities and fire districts that maintain volunteer fire
30 departments or in which there are one or more incorporated volunteer
31 fire companies to offer volunteer firefighters and their spouses
32 insurance annuity policies. Such annuity policies could be provided on
33 a group or individual basis with insurance firms authorized to do
34 business in New Jersey.

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39 Permits municipalities and fire districts to provide retirement annuities
40 to volunteer firefighters.