

SENATE, No. 1987

STATE OF NEW JERSEY

INTRODUCED APRIL 17, 1997

By Senator CASEY

1 AN ACT concerning the repayment of certain loans under the Police
2 and Firemen's Retirement System and amending P.L.1981, c.370.

3

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

6

7 1. Section 2 of P.L.1981, c.370 (C.43:16A-16.2) is amended to
8 read as follows:

9 2. a. In the case of any member who retires, other than on a
10 disability pension or where it is shown to the satisfaction of the board
11 of trustees that the retirement is necessitated by medical illness or
12 disability of the employee, without repaying the full amount so
13 borrowed, the Division of Pensions and Benefits shall retain the
14 retirement benefit payments, excluding authorized deductions of such
15 member as repayment of the loan until the aggregate amount of such
16 retirement benefit payments is equal to the outstanding balance of the
17 loan, together with the interest at the rate of 4% per annum on the
18 amount so borrowed, at which time the retired member shall receive
19 his retirement benefit payments.

20 b. In the case of a member who retires on a disability pension or
21 because of medical illness or disability without paying the full amount
22 borrowed, the division shall deduct from the retirement benefit
23 payments the same monthly amount which was deducted from the
24 compensation of the member immediately preceding retirement until
25 the balance of the amount borrowed together with the interest at the
26 rate of 4% per annum is repaid.

27 c. In the case of a pensioner who dies before the outstanding
28 balance of the loan and interest thereon has been recovered, the
29 remaining balance shall be repaid, at the discretion of the widow or
30 widower or other beneficiary if there is no surviving widow or
31 widower, from the proceeds of any other benefits payable on the
32 account of the pensioner [either] in the form of: (1) retaining monthly
33 payments due to his beneficiaries [or in the form of], (2) lump sum
34 payments payable [for] from the deceased's pension or group life

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 insurance, or (3) deductions from the monthly retirement benefit
2 payable to a widow or widower equal to the loan deductions made
3 from the deceased pensioner's monthly retirement allowance.

4 (cf: P.L.1988, c.134, s.3)

5

6 2. This act shall take effect immediately.

7

8

9

STATEMENT

10

11 At present, if a Police and Firemen's Retirement System (PFRS)
12 retiree dies before the outstanding balance of a loan has been repaid,
13 the beneficiary can only pay-off the loan either by having PFRS retain
14 the proceeds from the monthly payments due to the beneficiary or in
15 a lump sum payment from the deceased's pension or group life
16 insurance. This bill provides that a loan can also be repaid by
17 deductions from the monthly retirement benefit payable to a widow or
18 widower equal to the loan deductions made from the deceased
19 pensioner's monthly retirement allowance.

20

21

22

23

24 _____
25 Provides for loan deductions from a PFRS surviving spouse's pension
benefit.