

SENATE, No. 3315

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JANUARY 7, 2021

Sponsored by:
Senator BRIAN P. STACK
District 33 (Hudson)

SYNOPSIS

Extends suspension of pension loan repayments for certain qualified public employees until one year after end of COVID-19 public health emergency.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the suspension of the repayment of loans from
2 certain State-administered retirement systems for public
3 employees.

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

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8 1. a. For the purposes of the suspension of the repayments of
9 pension loans by a qualified individual who is an active or retired
10 member of the Public Employees' Retirement System, the Teachers'
11 Pension and Annuity Fund, the Police and Firemen's Retirement
12 System, the State Police Retirement System, or the Judicial
13 Retirement System, as such suspension was initially authorized by
14 the federal CARES Act until December 31, 2020, the suspension
15 granted to a qualified individual prior to the effective date of P.L. ,
16 c. (pending before the Legislature as this bill) shall be extended
17 until one year after the expiration date of the State public health
18 emergency due to COVID-19 declared by the Governor on March 9,
19 2020 in Executive Order No. 103 and the extensions. A suspension
20 of the repayments of pension loans may also be granted upon a
21 request submitted on or after that effective date, but before that
22 expiration date, by a qualified individual, and, if granted, the
23 repayments by that qualified individual shall be suspended until one
24 year after the expiration date of that State public health emergency.

25 As used in this section:

26 "Qualified individual" means an active or retired member of the
27 Public Employees' Retirement System, the Teachers' Pension and
28 Annuity, the Police and Firemen's Retirement System, the State
29 Police Retirement System, or the Judicial Retirement System who:

30 (1) is diagnosed with COVID-19 by a test approved by the federal
31 Centers for Disease Control and Prevention; or

32 (2) has a spouse or dependent diagnosed with COVID-19 by a test
33 approved by the federal Centers for Disease Control and Prevention;
34 or

35 (3) experiences adverse financial consequences as a result of
36 being quarantined, furloughed, laid off, or having to work hours
37 reduced due to COVID-19; being unable to work due to lack of child
38 care due to COVID-19; being unable to work due to closing or
39 reduced hours of a business owned or operated by the individual due
40 to COVID-19; or other factors as determined by the Secretary of the
41 Treasury.

42 b. If suspended, interest shall continue to accrue on the
43 outstanding loan balance, and the individual shall not be eligible to
44 take an additional loan for the duration of the suspension. As of the
45 end of the suspension period, the loan balance shall be recertified to
46 include accrued interest, the loan repayments shall resume on a
47 revised schedule, and the repayment shall increase in accordance
48 with federal guidelines. The recertification of suspended loans shall

1 be in accordance with specific guidance from the Internal Revenue
2 Service.

3 c. If an active member retires during a repayment suspension,
4 the loan balance and accrued interest shall be carried into the
5 member's retirement account. As of the end of the suspension period,
6 the loan balance shall be recertified to include accrued interest and
7 loan repayments shall resume on a recalculated repayment schedule
8 as a deduction from the member's monthly retirement allowance until
9 the loan balance plus interest is satisfied.

10 d. A suspension shall not be applied to a loan which is in default
11 and has been designated as a deemed distribution, even if the five-
12 year repayment period has not reached maturity.

13 e. This section shall be implemented to the extent that the
14 qualified status of the specified retirement systems under federal law
15 can be maintained upon that implementation, and such modifications
16 to the systems as may be available shall be made to allow for its
17 implementation.

18 f. The rules and regulations deemed necessary to implement this
19 section shall be effective immediately upon filing with the Office of
20 Administrative Law and shall be in effect for a period not to exceed
21 18 months, and shall, thereafter, be amended, adopted, or readopted
22 in accordance with the provisions of the "Administrative Procedure
23 Act," P.L.1968, c.410 (C.52:14B-1 et seq.).
24

25 2. This act shall take effect immediately.
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28 STATEMENT

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30 Under the federal Cares Act, certain qualified active employees
31 and retirees of the Public Employees' Retirement System, the
32 Teachers' Pension and Annuity Fund, the Police and Firemen's
33 Retirement System, the State Police Retirement System, or the
34 Judicial Retirement System had the option to request the suspension
35 of pension loan repayments until December 31, 2020.

36 This bill will extend the suspension of the repayments on those
37 pension loans until one year after the expiration date of the COVID-
38 19 public health emergency that was declared by the Governor on
39 March 9, 2020 in Executive Order 103.

40 This bill will extend those suspensions that were granted before
41 the effective date and will permit new requests for suspensions to be
42 submitted after the effective date. This bill will be implemented to
43 the extent that the qualified status of the specified retirement systems
44 under federal law can be maintained upon that implementation.