ASSEMBLY, No. 4141

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 11, 2020

Sponsored by:
Assemblyman RAJ MUKHERJI
District 33 (Hudson)
Assemblywoman CAROL A. MURPHY
District 7 (Burlington)
Assemblyman RONALD S. DANCER
District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Allows emergency zero interest pension loans to certain public employees who are negatively affected by federal shutdown.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 5/11/2020)

AN ACT allowing emergency zero interest pension loans to certain public employees who are negatively affected by federal shutdown and supplementing various parts of the statutory law.

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

1. Notwithstanding any other provision of law to the contrary, any member of the New Jersey Public Employees Retirement System, during any shutdown of the federal government, whose finances will be negatively affected because a member of that member's household is a furloughed federal employee or a federal employee working without pay, or is a contractor whose pay is received from the federal government but is delayed or diminished as a result of the shutdown and is receiving unemployment insurance benefits, shall be permitted to borrow up to $5,000 at zero interest, or the lowest interest rate permitted by federal law to maintain the qualified status of the system, from the member's accumulated deductions in the retirement system in the manner provided by section 34 of P.L.1954, c.84 (C.43:15A-34). The amount so borrowed shall not be included in the calculation of the member's maximum loan balance and shall not be included in the number of loans that may be granted to any member in any calendar year. The amount so borrowed shall be repaid on the date any back pay is made available to the member of the member's household or 90 days after the loan is received by the member, whichever occurs first.

2. Notwithstanding any other provision of law to the contrary, any member of the Teachers' Pension and Annuity Fund, during any shutdown of the federal government, whose finances will be negatively affected because a member of that member's household is a furloughed federal employee or a federal employee working without pay, or is a contractor whose pay is received from the federal government but is delayed or diminished as a result of the shutdown and is receiving unemployment insurance benefits, shall be permitted to borrow up to $5,000 at zero interest, or the lowest interest rate permitted by federal law to maintain the qualified status of the system, from the member's accumulated deductions in the retirement system in the manner provided by section 10 of P.L.1983, c.216 (C.18A:66A-109.1). The amount so borrowed shall not be included in the calculation of the member's maximum loan balance and shall not be included in the number of loans that may be granted to any member in any calendar year. The amount so borrowed shall be repaid on the date any back pay is made available to the member of the member's household or 90 days after the loan is received by the member, whichever occurs first.

3. Notwithstanding any other provision of law to the contrary, any member of the Police and Firemen's Retirement System, during any shutdown of the federal government, whose finances will be negatively affected because a member of that member's household is a furloughed federal employee or a federal employee working without pay, or is a contractor whose pay is received from the federal government but is delayed or diminished as a result of the shutdown and is receiving unemployment insurance benefits, shall be permitted to borrow up to $5,000 at zero interest, or the lowest rate permitted by federal law to maintain the qualified status of the system, from the member's accumulated deductions in the retirement system in the manner provided by section 18 of P.L.1964, c.241 (C.43:16A-16.1). The amount so borrowed shall not be included in the calculation of the member's maximum loan balance and shall not be included in the number of loans that may be granted to any member in any calendar year. The amount so borrowed shall be repaid on the date any back pay is made available to the member of the member's household or 90 days after the loan is received by the member, whichever occurs first.

4. Notwithstanding any other provision of law to the contrary, any member of the Judicial Retirement System, during any shutdown of the federal government, whose finances will be negatively affected because a member of that member's household is a furloughed federal employee or a federal employee working without pay, or is a contractor whose pay is received from the federal government but is delayed or diminished as a result of the shutdown and is receiving unemployment insurance benefits, shall be permitted to borrow up to $5,000 at zero interest, or the lowest interest rate permitted by federal law to maintain the qualified status of the system, from the member's accumulated deductions in the retirement system in the manner provided by section 1 of P.L.1997, c.25 (C.43:6A-34.3). The amount so borrowed shall not be included in the calculation of the member's maximum loan balance and shall not be included in the number of loans that may be granted to any member in any calendar year. The amount so borrowed shall be repaid on the date any back pay is made available to the member of the member's household or 90 days after the loan is received by the member, whichever occurs first.

5. This act shall take effect immediately.

STATEMENT

This bill provides that members of State-administered retirement systems will be eligible to receive loans of up to $5,000 from the member's accumulated deductions in the retirement system at zero

interest, or the lowest interest rate permitted by federal law to maintain the qualified status of the system, during any shutdown of the federal government, if that member's finances will be negatively affected because a member of that member's household is a furloughed federal employee or is a federal employee working without pay, or is a contractor whose pay is received from the federal government but is delayed or diminished as a result of the shutdown and is receiving unemployment insurance benefits.

The amount so borrowed will not be included in the calculation of the member's maximum loan balance and will not be included in the number of loans that may be granted to any member in any calendar year. The amount so borrowed must be repaid on the date any back pay is made available to the member of the member's household or 90 days after the loan is received by the member, whichever occurs first.