ASSEMBLY, No. 5376

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED SEPTEMBER 10, 2026

Sponsored by:
Assemblyman ANTHONY ANGELOZZI
District 8 (Atlantic and Burlington)

Co-Sponsored by:
Assemblyman Sampson

SYNOPSIS

Permits TPAF and PERS retirees to change named beneficiary upon death of previously named beneficiary.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 9/10/2026)

AN ACT concerning optional survivor benefits for retirees of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System and amending N.J.S.18A:66-47 and P.L.1954, c.84.

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

1. N.J.S.18A:66-47 is amended to read as follows:

18A:66-47. At the time of retirement a member shall receive benefits in a retirement allowance payable throughout life, or the member may on retirement elect to receive the actuarial equivalent of the member's retirement allowance, in a lesser retirement allowance payable throughout life, with the provision that:

Option 1. If the member dies before the member has received in payments the present value of the retirement allowance as it was at the time of retirement, the balance shall be paid to a legal representative or to such person as the member shall nominate by written designation acknowledged and filed with the retirement system, either in lump sum or by equal payments over a period of years at the option of the payee. If the member shall have designated a natural person as a payee, said payee may elect to receive such payments in the form of a life annuity. <u>If the payee initially designated by the member dies before the member and after the date of the member's retirement, the member shall be permitted to name another payee in accordance with subsection e. of this section.</u>

Option 2. Upon the member's death, the member's retirement allowance shall be continued throughout the life of and paid to such person as the member shall nominate by written designation duly acknowledged and filed with the retirement system at the time of retirement. <u>If the person designated by the member dies before the member and after the date of the member's retirement, the member shall be permitted to name another designee in accordance with subsection e. of this section.</u>

Option 3. Upon the member's death, one-half of the member's retirement allowance shall be continued throughout the life of and paid to such person as the member shall nominate by written designation duly acknowledged and filed with the retirement system at the time of retirement. <u>If the person designated by the member dies before the member and after the date of the member's retirement, the member shall be permitted to name another designee in accordance with subsection e. of this section.</u>

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever the member nominates, if such other

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

Matter underlined <u>thus</u> is new matter.

benefit or benefits, together with the lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value. In no case, however, shall the lesser retirement allowance be smaller than that provided under Option 2. If the person nominated by the member to receive a benefit or benefits dies before the member and after the member's retirement date, the member shall be permitted to nominate another person to receive such benefit or benefits in accordance with subsection e. of this section.

Option 5. Some other benefit, which is equivalent to the full amount, three-quarters, one-half or one-quarter of the member's retirement allowance, shall be paid to whomever the member nominates and if that nominee dies before the member, the member shall have the option to nominate another person in accordance with subsection e. of this section, or if the member does not nominate another person the member's retirement allowance shall increase to the maximum retirement allowance for the member's lifetime, provided that such other benefit together with the member's lesser and maximum retirement allowances shall be certified by the actuary to be of equivalent actuarial value.

If the total amount of benefits paid to a retirant who does not elect to receive benefits in the form of an optional settlement, or to the retirant and the designated beneficiary in the case of a retirant who does so elect, before the death of the retirant or the retirant and the beneficiary is less than the deductions accumulated in the retirant's account at the time of retirement, including regular interest, the balance shall be paid in one lump sum to the retirant's designated beneficiary or estate in the manner provided in N.J.S.18A:66-48.

Except in the case of members who have elected to receive (1) a deferred retirement allowance pursuant to N.J.S.18A:66-36 or (2) early retirement allowances pursuant to N.J.S.18A:66-37 after separation from service pursuant to N.J.S.18A:66-36, if a member dies within 30 days after the date of retirement or the date of board approval, whichever is later, the member's retirement allowance shall not become effective and the member shall be considered an active member at the time of death. However, if the member dies after the date the application for retirement was filed with the system, the retirement will become effective if:

a. (Deleted by amendment, P.L.1995, c.221);

b. (Deleted by amendment, P.L.1995, c.221);

c. The deceased member had designated a beneficiary under an optional settlement provided by this section; and

d. The surviving beneficiary requests in writing that the board make such a selection. Upon formal action by the board approving that request, the request shall become irrevocable.

The board may select an Option 3 settlement, on behalf of the beneficiary of a member who applied for and was eligible for retirement but who died prior to the effective date of the retirement

allowance, if all of the above conditions, with the exception of c., are met.

e. If the beneficiary designated by a member dies before the member and after the member's retirement date, the member shall be permitted to designate a new beneficiary by submitting a form to the Division of Pensions and Benefits, which shall be developed by the division.

After receiving the completed form, and any accompanying documentation which the division may require, the division shall recalculate the allowance or benefits payable to the member, a beneficiary, or both such that the actuarial value of the allowance or benefits payable on the date the new designation becomes effective is equivalent to the actuarial value of the allowance or benefits payable on that date under the previous beneficiary designation. The system actuary shall certify that the allowance or benefits are of equivalent actuarial value and that the recalculation will not increase the unfunded liability of the system. In performing the recalculation pursuant to this subsection, the division may consider: the present value of the maximum allowance or benefit prior to any reduction, the age of the member at the time of the new beneficiary designation, the age of the newly designated beneficiary, the option selected by the member at the time of the member's retirement, and any other factors deemed appropriate by the division.

(cf: P.L.2001, c.120, s.1)

2. Section 50 of P.L.1954, c.84 (C.43:15A-50) is amended to read as follows:

50. At the time of retirement, a member shall receive benefits in a retirement allowance payable throughout life, or the member may, on retirement, elect to receive the actuarial equivalent of the member's retirement allowance, in a lesser retirement allowance payable throughout life, with the provision that:

Option 1. If the member dies before the member has received in payments the present value of the retirement allowance as it was at the time of retirement, the balance shall be paid to a legal representative or to such person as the member shall nominate by written designation acknowledged and filed with the retirement system, either in a lump sum or by equal payments over a period of years at the option of the payee. If the member shall have designated a natural person as the payee, said payee may elect to receive such payments in the form of a life annuity. If the payee initially designated by the member dies before the member and after the member's retirement, the member shall be permitted to name another payee in accordance with subsection e. of this section.

Option 2. Upon the member's death, the member's retirement allowance shall be continued throughout the life of and paid to such person as the member shall nominate by written designation duly acknowledged and filed with the retirement system at the time of

retirement. If the person designated by the member dies before the member and after the member's retirement, the retiree shall be permitted to name another designee in accordance with subsection e. of this section.

Option 3. Upon the member's death, one-half of the member's retirement allowance shall be continued throughout the life of and paid to such person as the member shall nominate by written designation duly acknowledged and filed with the retirement system at the time of retirement. If the person designated by the member dies before the member and after the member's retirement, the member shall be permitted to name another designee in accordance with subsection e. of this section.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever the member nominates, if such other benefit or benefits, together with the lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value. In no case, however, shall the lesser retirement allowance be smaller than that provided under Option 2. If the person nominated by the member to receive a benefit or benefits dies before the member and after the member's retirement date, the member shall be permitted to nominate another person to receive such benefit or benefits in accordance with subsection e. of this section.

Option 5. Some other benefit, which is equivalent to the full amount, three-quarters, one-half or one-quarter of the member's retirement allowance, shall be paid to whomever the member nominates and if that nominee dies before the member, the member shall have the option to nominate another person in accordance with subsection e. of this section, or if the member does not nominate another person the member's retirement allowance shall increase to the maximum retirement allowance for the member's lifetime, provided that such other benefit together with the member's lesser and maximum retirement allowances shall be certified by the actuary to be of equivalent actuarial value.

If the total amount of benefits paid to a retirant who does not elect to receive benefits in the form of an optional settlement, or to the retirant and the designated beneficiary in the case of a retirant who does so elect, before the death of the retirant or the retirant and the beneficiary is less than the deductions accumulated in the retirant's account at the time of retirement, including regular interest, the balance shall be paid in one lump sum to the retirant's designated beneficiary or estate in the manner provided in section 51 of P.L.1954, c.84 (C.43:15A-51).

Except in the case of members who have elected to receive (1) a deferred retirement allowance pursuant to section 38 of P.L.1954, c.84 (C.43:15A-38) or (2) early retirement allowances pursuant to subsection b. of section 41 of P.L.1954, c.84 (C.43:15A-41) after separation from service pursuant to section 38, if a member dies within 30 days after the date of retirement or the date of board

approval, whichever is later, the member's retirement allowance shall not become effective and the member shall be considered an active member at the time of death. However, if the member dies after the date the application for retirement was filed with the system, the retirement will become effective if:

a. (Deleted by amendment, P.L.1995, c.221);

b. (Deleted by amendment, P.L.1995, c.221);

c. The deceased member had designated a beneficiary under an optional settlement provided by this section; and

d. The surviving beneficiary requests in writing that the board make such a selection. Upon formal action by the board approving that request, the request shall be irrevocable.

The board may select an Option 3 settlement, on behalf of the beneficiary of a member who applied for and was eligible for retirement but who died prior to the effective date of the retirement allowance, if all of the above conditions, with the exception of c., are met.

e. If the beneficiary designated by a member dies before the member and after the member's retirement date, the member shall be permitted to designate a new beneficiary by submitting a form to the Division of Pensions and Benefits, which shall be developed by the division.

After receiving the completed form, and any accompanying documentation which the division may require, the division shall recalculate the allowance or benefits payable to the member, a beneficiary, or both such that the actuarial value of the allowance or benefits payable on the date the new designation becomes effective is equivalent to the actuarial value of the allowance or benefits payable on that date under the previous beneficiary designation. The system actuary shall certify that the allowance or benefits are of equivalent actuarial value and that the recalculation will not increase the unfunded liability of the system. In performing the recalculation pursuant to this subsection, the division may consider: the present value of the maximum allowance or benefit prior to any reduction, the age of the member at the time of the new beneficiary designation, the age of the newly designated beneficiary, the option selected by the member at the time of the member's retirement, and any other factors deemed appropriate by the division.

(cf: P.L.2001, c.120, s.2)

3. This act shall take effect 90 days following the date of enactment.

STATEMENT

This bill permits retired members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement

System (PERS) to change their named beneficiary if, after the member's retirement date, the retired member's designated beneficiary dies before the retired member.

Under current law, TPAF and PERS members must select one of nine retirement options, some of which provide certain survivor benefits which can be paid to the member's designated beneficiary. However, under most of these options, once a beneficiary is designated, the beneficiary cannot be changed following the member's retirement.

Under this bill, for all retirement options, if the beneficiary designated by a member dies before the member after the member's retirement date, the member will be permitted to designate a new beneficiary by submitting a form to the Division of Pensions and Benefits, which will be developed by the division. After receiving the completed form, and any accompanying documentation which may be required by the division, the division will recalculate the allowance or benefits payable to the member, a beneficiary, or both such that the actuarial value of the allowance or benefits payable on the date the new designation becomes effective is equivalent to the actuarial value of the allowance or benefits payable on that date under the previous beneficiary designation.

Under the bill, the system actuary must certify that the allowance or benefits are of equivalent actuarial value and that the recalculation will not increase the unfunded liability of the system. In performing the recalculation, the division may consider: the present value of the maximum allowance or benefit prior to any reduction, the age of the member at the time of the new beneficiary designation, the age of the newly designated beneficiary, the option selected by the member at the time of the member's retirement, and any other factors deemed appropriate by the division.