

ASSEMBLY, No. 1675

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

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District 6 (Burlington and Camden)

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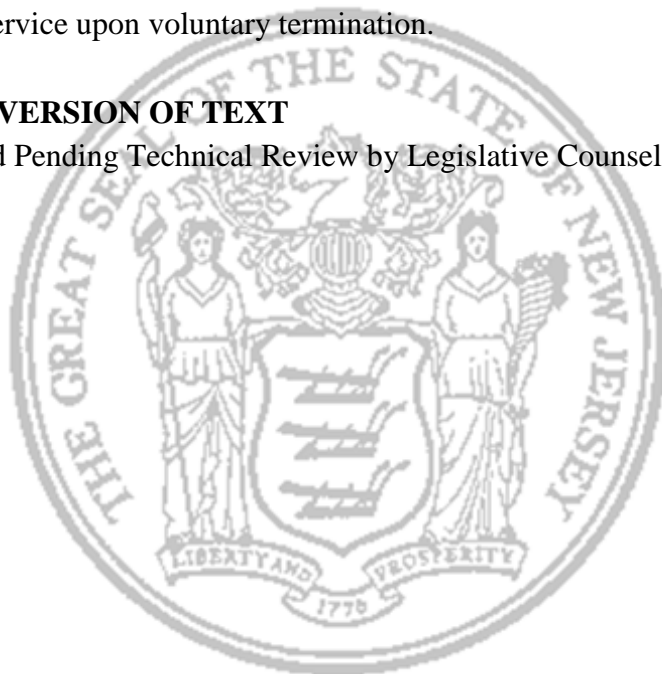
**Assemblywomen Quijano, Reynolds-Jackson, Murphy, Katz,
Assemblyman Miller, Assemblywoman Morales, Assemblyman Rodriguez,
Assemblywomen McCann Stamato and Hall**

SYNOPSIS

Extends membership in TPAF to seven years after discontinuance of service and to 25 years for those who were laid off or had 10 or more years of continuous service upon voluntary termination.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 6/6/2024)

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2

1 AN ACT concerning the return to service of members of the
2 Teachers' Pension and Annuity Fund and amending various parts
3 of the statutory law.

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

7
8 1. N.J.S.18A:66-7 is amended to read as follows:

9 18A:66-7. Membership of any person shall cease:

10 (a) if, except as provided in section 18A:66-8, he shall
11 discontinue his service for more than **[two]** seven consecutive
12 years;

13 (b) upon the withdrawal by a member of his accumulated
14 deductions as provided in this article;

15 (c) upon resignation and election to receive, in lieu of the return
16 of his accumulated deductions, the benefits provided in section
17 18A:66-36 and 18A:66-37;

18 (d) upon retirement;

19 (e) at death;

20 but not otherwise except as provided in this article.

21 The pension fund shall send written notice in care of the last
22 employer of a member at least 60 days in advance of the date on
23 which his inactive membership shall expire as provided in
24 subsection (a) of this section.

25 (cf: P.L.1967, c.271, s.1)

26

27 2. N.J.S.18A:66-8 is amended to read as follows:

28 18A:66-8. a. If a teacher:

29 (1) is dismissed by an employer by reason of reduction in
30 number of teachers employed in the school district, institution or
31 department when in the judgment of the employer it is advisable to
32 abolish any office, position or employment for reasons of a
33 reduction in the number of pupils, economy, a change in the
34 administrative or supervisory organization or other good cause; or
35 becomes unemployed by reason of the creation of a regional school
36 district or a consolidated school district; or has been discontinued
37 from service without personal fault or through leave of absence
38 granted by an employer or permitted by any law of this State; or
39 meets the eligibility requirements of N.J.S.18A:66-36; and

40 (2) has not withdrawn the accumulated member's contributions
41 from the retirement system, the teacher's membership may continue,
42 notwithstanding any provisions of this article, if the member returns
43 to service within a period of **[10]** 25 years from the date of
44 discontinuance from service.

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 thus is new matter.

1 No credit for retirement purposes shall be allowed to the member
2 covering the period of discontinuance, except as provided in this
3 section. In computing the service or in computing final
4 compensation, no time after September 1, 1919, during which a
5 member shall have been employed as a teacher at an annual salary
6 or remuneration, or a number of hours of work, fixed at less than
7 that which is required for membership pursuant to N.J.S.18A:66-4
8 as applicable to the member shall be credited. In computing the
9 service or in computing final compensation, no time after the
10 effective date of P.L.2010, c.1, during which a member shall have
11 been employed as a teacher for fewer than 32 hours per week shall
12 be credited, unless the member shall have been a member since that
13 effective date continuously. In the case of a veteran member credit
14 shall be given for service rendered prior to January 1, 1955, in an
15 employment, office or position if the annual salary or remuneration
16 therefor was fixed at not less than \$300.00 and the service consisted
17 of the performance of the full duties of the employment, office or
18 position.

19 b. A teacher may purchase credit for time during which the
20 teacher shall have been absent on an official leave without pay. The
21 credit shall be purchased for a period of time equal to:

- 22 (1) three months or the duration of the leave, whichever is less;
23 or
24 (2) if the leave was due to the member's personal illness, two
25 years or the duration of the leave, whichever is less; or
26 (3) the period of leave that is specifically allowed for retirement
27 purposes by the provisions of any law of this State.

28 The purchase shall be made in the same manner and be subject to
29 the same terms and conditions provided for the purchase of previous
30 membership service by N.J.S.18A:66-9.
31 (cf: P.L.2010, c.1, s.2)

32
33 3. N.J.S. 18A:66-15 is amended to read as follows:

34 18A:66-15. In computing for retirement or for purposes of
35 resignation or separation from service under sections 18A:66-36
36 and 18A:66-37 the total service of a member about to be retired, the
37 retirement system shall credit him with all service rendered by him
38 since he last became a member and in addition, with all the service
39 to which he is entitled and with no other service. Except as
40 otherwise provided in this article, such service credit shall be final
41 and conclusive for retirement purposes, or for purposes of
42 resignation under sections 18A:66-36 and 18A:66-37, unless the
43 member shall discontinue his service for more than **[two]** seven
44 consecutive years. In the case of a member for whom compensation
45 is defined in paragraph (2) of subsection d. of N.J.S.18A:66-2, the
46 retirement system shall credit the member with the time of all
47 service rendered by the member during the part of any year that the
48 member was a participant of the Defined Contribution Retirement

1 Program, pursuant to paragraph (5) of subsection a. of section 2 of
2 P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of P.L.2007,
3 c.103, and making contributions to that program.

4 For the purpose of computing service for retirement purposes,
5 the board of trustees shall fix and determine by appropriate rules
6 and regulations how much service in any year shall equal a year of
7 service and part of a year of service. Not more than one year shall
8 be credited for all service in a calendar year.

9 (cf: P.L.2007, c.103, s.17)

10

11 4. N.J.S.18A:66-36 is amended to read as follows:

12 18A:66-36. Should a member of the Teachers' Pension and
13 Annuity Fund, after having completed 10 years of service, be
14 separated voluntarily or involuntarily from the service, before
15 reaching service retirement age, and not by removal for conduct
16 unbecoming a teacher or other just cause under the provisions of
17 N.J.S.18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive,
18 such person may elect to receive, in lieu of the payment provided in
19 N.J.S.18A:66-34:

20 a. The payments provided for in N.J.S.18A:66-37, if he so
21 qualified under said section; or

22 b. A deferred retirement allowance beginning at age 60, or for
23 a person who becomes a member of the retirement system on or
24 after the effective date of P.L.2008, c.89 beginning at age 62, which
25 shall be made up of an annuity derived from the member's
26 accumulated deductions at the time of his severance from the
27 service, and a pension in the amount which, when added to the
28 member's annuity, will provide a total retirement allowance of 1/64
29 of final compensation for each year of service credited as Class A
30 service and 1/55 of final compensation for each year of service
31 credited as class B service, or for a person who becomes a member
32 of the retirement system on or after the effective date of P.L.2010,
33 c.1 1/60 of final compensation for each year of service credited as
34 class B service, calculated in accordance with N.J.S.18A:66-44,
35 with optional privileges provided for in N.J.S.18A:66-47 if he
36 exercises such optional privilege at least 30 days before his
37 attainment of the normal retirement age; provided, that such
38 election is communicated by such member to the retirement system
39 in writing stating at what time subsequent to the execution and
40 filing thereof he desires to be retired; and provided, further, that
41 such member may later elect: (1) to receive the payments provided
42 for in N.J.S.18A:66-37, if he had qualified under that section at the
43 time of leaving service, except that in order to avail himself of the
44 optional privileges pursuant to N.J.S.18A:66-47, he must exercise
45 such optional privilege at least 30 days before the effective date of
46 his retirement; or (2) to withdraw his accumulated deductions with
47 interest as provided in N.J.S.18A:66-34. If such member shall die
48 before attaining service retirement age, then his accumulated

1 deductions, plus regular interest after January 1, 1956, shall be paid
2 in accordance with N.J.S.18A:66-38, and, in addition if such
3 member shall die after attaining service retirement age and has not
4 withdrawn his accumulated deductions, an amount equal to 3/16 of
5 the compensation upon which contributions by the member to the
6 annuity savings fund were based in the last year of creditable
7 service shall be paid to such member's beneficiary.

8 Any member who, having elected to receive a deferred
9 retirement allowance, again becomes an employee covered by the
10 retirement system while under the age of 60 or, if that person
11 became a member of the retirement system on or after the effective
12 date of P.L.2008, c.89, while under the age of 62, shall thereupon
13 be reenrolled. If he had discontinued his service for more than
14 **【two】** seven consecutive years, subsequent contributions shall be at
15 a rate applicable to the age resulting from the subtraction of his
16 years of creditable service at the time of his last discontinuance of
17 contributing membership from his age at the time of his return to
18 service. He shall be credited with all service as a member standing
19 to his credit at the time of his election to receive a deferred
20 retirement allowance.

21 (cf: P.L.2010, c.1, s.8)

22

23 5. Section 7 of P.L. 1969, c.242 (C.18A:66-173) is amended to
24 read as follows:

25 7. (a) When a member of the Teachers' Pension and Annuity
26 Fund or the Public Employees' Retirement System or the Police and
27 Firemen's Retirement System elects to transfer to an alternate
28 benefit program by filing the proper application form declaring his
29 election to participate in such alternate benefit program, the
30 respective retirement system shall transfer the amount of his
31 accumulated deductions as of the date of transfer to his individual
32 account in the program.

33 (b) There shall also be transferred from the contingent reserve
34 fund or the pension fund of the Teachers' Pension and Annuity Fund
35 or the Public Employees' Retirement System or the Police and
36 Firemen's Retirement System or from the Group Annuity Plan to the
37 individual's account in the alternate benefit program, the pension
38 reserve required as of the date of his transfer to provide a pension
39 for each year of service credited to the account of the member as set
40 forth in N.J.S.18A:66-36 or N.J.S.18A:66-44 or as set forth in
41 section 38 or section 48 of P.L.1954, c.84 as such sections have
42 been amended and supplemented as of July 1, 1969 (C.43:15A-38,
43 C.43:15A-48) or as set forth in section 17 of P.L.1964, c.241
44 (C.43:16A-11.2) or section 5 of P.L.1944, c.255 (C.43:16A-5) or
45 for each year of service credited under the Group Annuity Plan.
46 Such transfer from the contingent reserve fund or the pension fund
47 of the Teachers' Pension and Annuity Fund or the Public
48 Employees' Retirement System or the Police and Firemen's

1 Retirement System or the Group Annuity Plan shall be made at the
2 time of the member's transfer to the alternate benefit program in the
3 case of any such member who has then met the eligibility
4 requirements for a pension under the aforementioned N.J.S.18A:66-
5 36, or N.J.S.18A:66-44, or section 38 or section 48 of P.L.1954,
6 c.84 (C.43:15A-38, C.43:15A-48) or section 17 of P.L.1964, c.241
7 (C.43:16A-11.2) or section 5 of P.L.1944, c.255 (C.43:16A-5) or
8 the Group Annuity Plan. In the case of any member who elects to
9 participate in the alternate benefit program who has not then met
10 the eligibility requirements for a pension under N.J.S.18A:66-36 or
11 N.J.S.18A:66-44, or under section 38 or section 48 of P.L.1954,
12 c.84 (C.43:15A-38, C.43:15A-48) or section 17 of P.L.1964, c.241
13 (C.43:16A-11.2) or section 5 of P.L.1944, c.255 (C.43:16A-5) or
14 under the Group Annuity Plan, the transfer from the contingent
15 reserve fund or the pension fund of the and Annuity Fund or the
16 Public Employees' Retirement System or the Police and Firemen's
17 Retirement System or the Group Annuity Plan shall be effected at
18 the time such requirements have been met, taking into account for
19 the purpose of such eligibility requirement his years of membership
20 service at the time of his election and his subsequent years of
21 service as a full-time member of the faculty of Rutgers, The State
22 University, the New Jersey Institute of Technology, Rowan
23 University, Montclair State University, Kean University, or the
24 State or county colleges or as an eligible employee of the
25 Department of Higher Education, or at the time he shall have 10
26 years of credit for New Jersey service and becomes physically
27 incapacitated for the performance of duty if he had been a member
28 of the Teachers' Pension and Annuity Fund or the Public
29 Employees' Retirement System or the Police and Firemen's
30 Retirement System as of the date of transfer.

31 The annuity to be used in determining the amount of pension is
32 the actuarial equivalent of the member's accumulated deductions
33 transferred from the Teachers' Pension and Annuity Fund or the
34 Public Employees' Retirement System or the Police and Firemen's
35 Retirement System to the date the member attains 60 years of age, if
36 subsequent to the date of election. The amount of pension is that
37 established by formula within N.J.S.18A:66-44 or section 48 of
38 P.L.1954, c.84 as such sections have been amended and
39 supplemented as of July 1, 1969 (C.43:15A-48) or section 5 of
40 P.L.1944, c.255 (C.43:16A-5) or under the Group Annuity Plan, and
41 changes to N.J.S.18A:66-44 or section 48 of P.L.1954, c.84
42 (C.43:15A-48) or section 5 of P.L.1944, c.255 (C.43:16A-5)
43 enacted subsequent to this act or the Group Annuity Plan shall have
44 no application to the provisions of this act.

45 In the event that the eligibility requirement under N.J.S.18A:66-
46 36 or under section 38 of P.L.1954, c.84 (C.43:15A-38) or section
47 17 of P.L.1964, c.241 (C.43:16A-11.2) or under the Group Annuity
48 Plan is changed at some future date to permit members to become

1 eligible for such benefit prior to the completion of 15 years of
2 service, the transfer of the reserve from the contingent reserve fund
3 or the pension fund of the Teachers' Pension and Annuity Fund or
4 the Public Employees' Retirement System or the Police and
5 Firemen's Retirement System or from the Group Annuity Plan shall
6 be effective as of the date the member who had elected the alternate
7 benefit program meets the amended eligibility requirement or the
8 effective date of the amendment, whichever is later.

9 In the event an option is available with respect to the distribution
10 of employee and employer contributions between fixed and variable
11 annuities under the alternate benefit program, the employee shall
12 have the right to determine the percentage distribution of these
13 funds subject to any limitations imposed by the designated insurer
14 or insurers.

15 (c) No transfer of pension reserves shall be made pursuant to
16 this section where more than **two** seven consecutive years elapse
17 in which no employer contributions to an alternate benefit program
18 are required.

19 (cf: P.L.2021, c.282, s.53)

20

21 6. (New section) a. A person who returns to service with an
22 employer within the time period set forth in N.J.S.18A-66-7 or
23 N.J.S.18A:66-8 shall be eligible for enrollment in the fund based on
24 the eligibility requirements for enrollment set forth in
25 N.J.S.18A:66-4 for the member's tier at the time of the member's
26 termination of service prior to the return.

27 b. A person who returned to service with an employer prior to
28 the effective date of P.L. , c. (pending before the Legislature as
29 this bill) within the time period set forth in N.J.S.18A-66-7, as
30 amended, or N.J.S.18A:66-8, as amended, shall be enrolled in the
31 fund in accordance with subsection a. of this section by the Division
32 of Pensions and Benefits and shall be placed in the member's tier at
33 the time of the member's termination of service prior to the return.

34 There shall be no additional contributions imposed on the
35 member or the member's employer.

36 The division shall make such adjustments and transfers as shall
37 be necessary to ensure the enrollment of the member in the fund and
38 placement in the same tier pursuant to this subsection.

39

40 7. This act shall take effect immediately.

41

42

43

STATEMENT

44

45 This bill extends the length of time a member of the Teachers'
46 Pension and Annuity Fund (TPAF) can discontinue their service and
47 still maintain their membership in the TPAF. Under current law,
48 membership in the TPAF ceases if an individual discontinues

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1 service for more than two years. This bill extends the period of
2 discontinuance to seven years.

3 This bill also extends the length of time a member who left
4 service for certain qualifying reasons may return to service and
5 includes among the qualifying reasons those who voluntarily left
6 service with 10 or more years of service credit. Under current law,
7 membership in the TPAF may continue if the member returns to
8 service within a period of 10 years from the date of discontinuance
9 from service. This bill extends the period of discontinuance to 25
10 years.

11 Under this bill, a person who returns to service with an employer
12 within the time period of seven or 25 years will be eligible for
13 enrollment in the fund based on the eligibility requirements for
14 enrollment for the member's tier at the time of the member's
15 termination of service prior to the return.

16 This bill requires that a person who returned to service with an
17 employer prior to the effective date of this bill within the time
18 period of seven or 25 years will be enrolled in the fund and will be
19 placed in the member's tier at the time of the member's termination
20 of service prior to the return. There will be no additional
21 contributions imposed on the member or the member's employer.

22 This bill requires the Division of Pensions and Benefits to make
23 such adjustments and transfers as will be necessary to ensure the
24 enrollment of the member in the fund and placement in the same
25 tier pursuant to this bill.