

CHAPTER 147

AN ACT concerning the return to service of members of the Teachers' Pension and Annuity Fund, amending various parts of the statutory law and supplementing chapter 66 of Title 18A of the New Jersey Statutes.

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

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

Cessation of membership.

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

- (a) if, except as provided in N.J.S.18A:66-8, he shall discontinue his service for more than 10 consecutive years;
 - (b) upon the withdrawal by a member of his accumulated deductions as provided in this article;
 - (c) upon resignation and election to receive, in lieu of the return of his accumulated deductions, the benefits provided in N.J.S.18A:66-36 and N.J.S.18A:66-37;
 - (d) upon retirement;
 - (e) at death;
- but not otherwise except as provided in this article.

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

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

Continuance of membership.

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

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

(2) has not withdrawn the accumulated member's contributions from the retirement system, the teacher's membership may continue, notwithstanding any provisions of this article, if the member returns to service within a period of 15 years from the date of discontinuance from service, provided, however, that this paragraph shall be administered consistent with rules governing minimum required distributions from a qualified retirement plan, as those terms are defined pursuant to section 4974 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 4974.

No credit for retirement purposes shall be allowed to the member covering the period of discontinuance, except as provided in this section. In computing the service or in computing final compensation, no time after September 1, 1919, during which a member shall have been employed as a teacher at an annual salary or remuneration, or a number of hours of work, fixed at less than that which is required for membership pursuant to N.J.S.18A:66-4 as applicable to the member shall be credited. In computing the service or in computing final compensation, no time after the effective date of P.L.2010, c.1, during which a member shall have been

employed as a teacher for fewer than 32 hours per week shall be credited, unless the member shall have been a member since that effective date continuously. In the case of a veteran member, credit shall be given for service rendered prior to January 1, 1955, in an employment, office, or position if the annual salary or remuneration therefor was fixed at not less than \$300.00 and the service consisted of the performance of the full duties of the employment, office or position.

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

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

The purchase shall be made in the same manner and be subject to the same terms and conditions provided for the purchase of previous membership service by N.J.S.18A:66-9.

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

Service credit for retirement.

18A:66-15. In computing for retirement or for purposes of resignation or separation from service under N.J.S.18A:66-36 and N.J.S.18A:66-37 the total service of a member about to be retired, the retirement system shall credit him with all service rendered by him since he last became a member and, in addition, with all the service to which he is entitled and with no other service. Except as otherwise provided in this article, such service credit shall be final and conclusive for retirement purposes, or for purposes of resignation under N.J.S.18A:66-36 and N.J.S.18A:66-37, unless the member shall discontinue his service for more than 10 consecutive years. In the case of a member for whom compensation is defined in paragraph (2) of subsection d. of N.J.S.18A:66-2, the retirement system shall credit the member with the time of all service rendered by the member during the part of any year that the member was a participant of the Defined Contribution Retirement Program, pursuant to paragraph (5) of subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of P.L.2007, c.103, and making contributions to that program.

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

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

Vesting of TPAF members.

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

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

b. A deferred retirement allowance beginning at age 60, or for a person who becomes a member of the retirement system on or after the effective date of P.L.2008, c.89 beginning at age 62, which shall be made up of an annuity derived from the member's accumulated deductions at the time of his severance from the service, and a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1/64 of final compensation for each year of service credited as Class A service and 1/55 of final compensation for each year of service credited as class B service or for a person who becomes a member of the retirement system on or after the effective date of P.L.2010, c.1, 1/60 of final compensation for each year of service credited as class B service, calculated in accordance with N.J.S.18A:66-44, with optional privileges provided for in N.J.S.18A:66-47 if he exercises such optional privilege at least 30 days before his attainment of the normal retirement age, provided that such election is communicated by such member to the retirement system in writing stating at what time subsequent to the execution and filing thereof he desires to be retired and provided, further, that such member may later elect: (1) to receive the payments provided for in N.J.S.18A:66-37, if he had qualified under that section at the time of leaving service, except that in order to avail himself of the optional privileges pursuant to N.J.S.18A:66-47, he must exercise such optional privilege at least 30 days before the effective date of his retirement; or (2) to withdraw his accumulated deductions with interest as provided in N.J.S.18A:66-34. If such member shall die before attaining service retirement age, then his accumulated deductions, plus regular interest after January 1, 1956, shall be paid in accordance with N.J.S.18A:66-38, and, in addition, if such member shall die after attaining service retirement age and has not withdrawn his accumulated deductions, an amount equal to 3/16 of the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service shall be paid to such member's beneficiary.

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

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

C.18A:66-173 Transfer to alternate benefit program.

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

(b) There shall also be transferred from the contingent reserve fund or the pension fund of the Teachers' Pension and Annuity Fund or the Public Employees' Retirement System or the Police and Firemen's Retirement System or from the Group Annuity Plan to the individual's account in the alternate benefit program, the pension reserve required as of the date of his transfer to provide a pension for each year of service credited to the account of the member as

set forth in N.J.S.18A:66-36 or N.J.S.18A:66-44 or as set forth in section 38 or section 48 of P.L.1954, c.84 as such sections have been amended and supplemented as of July 1, 1969 (C.43:15A-38, C.43:15A-48) or as set forth in section 17 of P.L.1964, c.241 (C.43:16A-11.2) or section 5 of P.L.1944, c.255 (C.43:16A-5) or for each year of service credited under the Group Annuity Plan. Such transfer from the contingent reserve fund or the pension fund of the Teachers' Pension and Annuity Fund or the Public Employees' Retirement System or the Police and Firemen's Retirement System or the Group Annuity Plan shall be made at the time of the member's transfer to the alternate benefit program in the case of any such member who has then met the eligibility requirements for a pension under the aforementioned N.J.S.18A:66-36, or N.J.S.18A:66-44, or section 38 or section 48 of P.L.1954, c.84 (C.43:15A-38, C.43:15A-48) or section 17 of P.L.1964, c.241 (C.43:16A-11.2) or section 5 of P.L.1944, c.255 (C.43:16A-5) or the Group Annuity Plan. In the case of any member who elects to participate in the alternate benefit program who has not then met the eligibility requirements for a pension under N.J.S.18A:66-36 or N.J.S.18A:66-44, or under section 38 or section 48 of P.L.1954, c.84 (C.43:15A-38, C.43:15A-48) or section 17 of P.L.1964, c.241 (C.43:16A-11.2) or section 5 of P.L.1944, c.255 (C.43:16A-5) or under the Group Annuity Plan, the transfer from the contingent reserve fund or the pension fund of the and Annuity Fund or the Public Employees' Retirement System or the Police and Firemen's Retirement System or the Group Annuity Plan shall be effected at the time such requirements have been met, taking into account for the purpose of such eligibility requirement his years of membership service at the time of his election and his subsequent years of service as a full-time member of the faculty of Rutgers, The State University, the New Jersey Institute of Technology, Rowan University, Montclair State University, Kean University, or the State or county colleges or as an eligible employee of the Department of Higher Education, or at the time he shall have 10 years of credit for New Jersey service and becomes physically incapacitated for the performance of duty if he had been a member of the Teachers' Pension and Annuity Fund or the Public Employees' Retirement System or the Police and Firemen's Retirement System as of the date of transfer.

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

In the event that the eligibility requirement under N.J.S.18A:66-36 or under section 38 of P.L.1954, c.84 (C.43:15A-38) or section 17 of P.L.1964, c.241 (C.43:16A-11.2) or under the Group Annuity Plan is changed at some future date to permit members to become eligible for such benefit prior to the completion of 15 years of service, the transfer of the reserve from the contingent reserve fund or the pension fund of the Teachers' Pension and Annuity Fund or the Public Employees' Retirement System or the Police and Firemen's Retirement System or from the Group Annuity Plan shall be effective as of the date the member who had elected the alternate benefit program meets the amended eligibility requirement or the effective date of the amendment, whichever is later.

In the event an option is available with respect to the distribution of employee and employer contributions between fixed and variable annuities under the alternate benefit program, the

employee shall have the right to determine the percentage distribution of these funds, subject to any limitations imposed by the designated insurer or insurers.

(c) No transfer of pension reserves shall be made pursuant to this section where more than 10 consecutive years elapse in which no employer contributions to an alternate benefit program are required.

C.18A:66-8a Return to service, eligibility, enrollment in the fund.

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

b. A person who returned to service with an employer prior to the effective date of P.L.2025, c.147 (C.18A:66-8a et al.) within the time period set forth in N.J.S.18A-66-7, as amended, or N.J.S.18A:66-8, as amended, shall be enrolled in the fund in accordance with subsection a. of this section by the Division of Pensions and Benefits and shall be placed in the member's tier at the time of the member's termination of service prior to the return.

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

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

7. This act shall take effect immediately.

Approved October 1, 2025.