

Bill S2078

Session 2024 - 2025



SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]
SENATE, No. 2078

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 17, 2025

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2078 (1R).

As amended, this bill extends the length of time a member of the Teachers' Pension and Annuity Fund (TPAF) can maintain their membership and member tier in the TPAF following a period of discontinuance, both prior to and following the effective date of the bill. Under current law, membership in the TPAF ceases if an individual discontinues service for more than two years. This bill extends the period of discontinuance to 10 years.

The bill also extends the length of time a member who left service for certain qualifying reasons may return to service and includes among the qualifying reasons those who voluntarily left service with 10 or more years of service credit. Under current law, membership in the TPAF may continue if the member returns to service within a period of 10 years from the date of discontinuance from service. This bill extends the period of discontinuance to 15 years so long as the teacher has not withdrawn their accumulated member's contributions from the retirement system, provided that the administration of this provision is consistent with IRS rules governing minimum required distributions from a qualified retirement plan.

Under the bill, a person who returns to service with an employer within the time period of 10 or 15 years will be eligible for enrollment in the fund based on the eligibility requirements for enrollment for the member's tier at the time of the member's termination of service prior to the return.

The bill is retroactive and requires that a person who returned to service with an employer prior to the effective date of the bill within the time period of 10 or 15 years will be enrolled in the fund and will be placed in the member's tier at the time of the member's termination of service prior to the return. There will be no additional contributions imposed on the member or the member's employer.

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

As amended and reported by the committee, Senate Bill No. 2078 (1R) is identical to Assembly Bill No. 1675 (1R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to clarify that members who left service for certain qualifying reasons and are returning to service after 15 years may do so provided that the administration of this provision is consistent with IRS rules governing minimum required distributions from a qualified retirement plan.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.