

17:1-4.9 Multiple beneficiaries

Where a member has designated more than one beneficiary, in the absence of a specific request, the payment will be made to the beneficiaries on a "share and share alike, survivor or survivors" basis.

17:1-4.10 Compulsory purchase; employee notice

When an employee is required to make a substantial purchase even though he is an optional enrollee, he will be required to sign a written agreement to purchase the service before his enrollment application will be processed.

17:1-4.11 Purchase terms; computation; employee pay-all

(a) A member who requests a purchase at the time of his enrollment will have the cost of purchase based on his age and salary on the date normal pension contributions are certified to begin.

(b) A member, eligible for the purchase of service after his membership has been established, who desires to purchase service which requires a certification of his public employment, will receive a purchase quotation based on his age and salary on the date the service certification is received; if proof of age is also required, the purchase quotation will be based on the date the proof of age or the service certification is received, whichever is later.

(c) Pursuant to the provisions of Chapter 7, Laws of 1981, the following shall apply:

1. At the time of purchase request, an estimated cost for purchase of service will be calculated based on factors supplied by the actuary. This cost will be communicated to the member in a manner such that is clearly understood that an additional lump sum cost may be required at retirement to consummate the purchase.

2. Upon application by the member for retirement, the actual cost of the service purchased will be calculated. The difference between this actual cost and any monies accumulated based upon the estimated cost will have to be paid in a lump sum.

3. If a required final payment is not made but the member is eligible to retire based on actual service, the purchase will be cancelled, the member will be retired with a benefit based on actual service, and any monies accumulated for the purchase will be refunded.

4. If a required final payment is not made and the member is not eligible to retire based on actual service, the application for retirement will not be approved pending completion of the purchase.

(d) Pursuant to the provisions of Chapter 451, Laws of 1981, and Chapter 198, Laws of 1983, the following shall apply:

1. At the time of purchase request, an estimated cost for purchase of service will be calculated based on factors

supplied by the actuary. This cost will be communicated to the member in a manner that is clearly understood that an additional lump sum cost may be required at retirement to consummate the purchase.

2. Upon application by the member for retirement, the actual cost of the service purchased may be calculated. The difference between this actual cost and any monies accumulated based upon the estimated cost may have to be paid in a lump sum.

3. If a required final payment is not made, but the member is eligible to retire, the member will be retired with a benefit based on a pro rata service.

(e) Pursuant to the provisions of Chapter 223, Laws of 1984, the following shall apply:

1. At the time of purchase request, an estimated cost for purchase of service will be calculated based on factors supplied by the actuary. This cost will be communicated to the member in a manner such that is clearly understood that an additional lump sum cost may be requested at retirement to consummate the purchase.

2. Upon application by the member for retirement, the actual cost of the service purchased will be calculated. The difference between this actual cost and any monies accumulated based upon the estimated cost will have to be paid in a lump sum if the member wishes to receive full credit for the total amount of service involved in the purchase.

3. If a required final payment is not made by the member at the time of retirement, such member will receive a pro rata credit for the service purchased under the provisions of Chapter 223, Laws of 1984, prior to the date of retirement.

As amended, R.1979 d.343, effective September 10, 1981.

See: 13 N.J.R. 459(a), 13 N.J.R. 617(a).

(c) added.

As amended, R.1982 d.347, effective October 18, 1982.

See: 14 N.J.R. 328(b), 14 N.J.R. 1163(e).

Changes pursuant to provisions of Chapter 451, Laws of 1981 concern purchases and final payments of outstanding amounts at retirement.

As amended, R.1983 d.416, effective October 3, 1983.

See: 15 N.J.R. 1238(a), 15 N.J.R. 1688(c).

Reference to Chapter 198, Laws of 1983.

Amended by R.1985 d.321, effective June 17, 1985.

See: 17 N.J.R. 900(a), 17 N.J.R. 1586(a).

(e) added.

Amended by R.1985 d.659, effective January 6, 1986.

See: 17 N.J.R. 2529(b), 18 N.J.R. 93(b).

(e)2 added the text "if the member ... in the purchase"; old 3.-4. deleted and new 3 added.

Case Notes

Petition to purchase pension credit for "paternity" or childcare leave of absence denied because leave was in excess of three months duration and not otherwise purchasable under statutory provision allowing for purchase of maternity leave: maternity found to refer solely to the state of being pregnant (Board's Final Decision). *Chaleff v. Bd. of Trustees, Teachers' Pension and Annuity Fund*, 3 N.J.A.R. 317 (1981),

affirmed 188 N.J.Super. 194, 457 A.2d 33 (App.Div.1983), certification denied 94 N.J. 573, 468 A.2d 215 (1983).

17:1-4.12 Purchase terms; grace period

A member who receives a written optional purchase cost quotation is given a 60-day grace period to confirm that he or she wishes to make the purchase of credit. If the confirmation of the purchase is not received from the member within 60 days, the cost of purchase must be recalculated to determine if any change in the cost is warranted as a result of change in age or salary.

Amended by R.1993 d.81, effective February 16, 1993.
See: 24 N.J.R. 4239(b), 25 N.J.R. 710(c).
Revised text.

Case Notes

Mistaken denial of original application for purchase of prior service credit did not entitle employee to make purchase at price quoted more than five years earlier. *Preston v. Board of Trustees, Public Employees' Retirement System*. 93 N.J.A.R.2d (TYP) 41.

17:1-4.13 Purchases; cancellation, interest on outstanding purchases or cash discount requested

(a) A member who authorizes a purchase of service credit may cancel that purchase at any time on a prospective basis only. No refunds will be made of any lump sum payments, partial payments or installment payments. The member will receive a pro rata credit for the service purchased to the date installment payments cease. Any subsequent requests to purchase the remaining service credit shall be based on the laws and rules in effect on the date that the subsequent request is received.

(b) No more than one request received from a member for the cash discount value of an outstanding arrearage or a purchase quotation for previous service will be honored in a calendar year.

(c) A member who authorizes a purchase which requires installment payments, but who has not had installment payments made toward that purchase for two years due to inactivity in the account, shall be informed by the Division that the remainder of the purchase will be canceled. The member shall receive a pro rata credit for the service purchased to the date that the installment payments ceased. The member may request to pay the cash discount value of the outstanding arrearage for the purchase in full within 60 days of the Division notice. Any subsequent requests to purchase the remaining service credit shall be based on the laws and rules in effect on the date that the subsequent request is received.

(d) A member returning from an approved leave of absence after two years may request that the original purchase be resumed. Such purchase shall be recalculated to include additional regular interest accrued between two years after the date of the last installment payment and the date the purchase is resumed.

(e) For a member with an outstanding purchase who is not in covered service on September 8, 1998, the purchase shall remain outstanding. The outstanding balance on the purchase shall include additional regular interest beginning September 8, 2000.

Amended by R.1980 d.302, effective July 1, 1980.
See: 12 N.J.R. 352(a), 12 N.J.R. 497(d).
Amended by R.1982 d.469, effective January 3, 1983.
See: 14 N.J.R. 1201(b), 15 N.J.R. 36(c).
Amended by R.1998 d.437, effective September 8, 1998.
See: 30 N.J.R. 1916(a), 30 N.J.R. 3257(b).
Rewrote (a); and added new (c), (d), and (e).

Case Notes

Regulation prohibited refund of money used to purchase active military service credit when employee decided not to retire early. *Kanczewski v. Board of Trustees of the Public Employees' Retirement System*, 92 N.J.A.R.2d (TYP) 102.

Cancellation of previously requested military service credit deduction prohibited by rule. *DiMarco v. Board of Trustees, Police and Firemen's Retirement System*, 92 N.J.A.R.2d (TYP) 81.

Purchaser of military service credit not entitled to refund when he elected to continue in employment. *Mastroni v. Board of Trustees*, 92 N.J.A.R.2d (TYP) 50.

17:1-4.14 Withdrawal application; processing

Withdrawal applications which are filed prior to the member's resignation or the termination of compensation, will not be processed until the effective date of the later of the two conditions.

17:1-4.15 Withdrawal; waiver required

A member eligible for retirement benefit who applies to withdraw his contributions in one sum, is forwarded a statement of the monthly retirement allowance to which he could otherwise qualify, and the related insurance coverage. He is required to sign a waiver of such benefits before an application for withdrawal can be processed.

17:1-4.16 Retirement quotations

(a) A member who applies for retirement without having received a preliminary quotation of retirement benefits, will be sent a statement of the benefits he can receive under both maximum allowance and option 1, where applicable; if such an individual has elected a particular option, all options will be quoted to him for which he has submitted the information necessary for the quotation regardless of the selection he may have made on his retirement application.

(b) If no response is received from the member prior to the date his retirement application must be submitted to the board for approval, the maximum allowance or option selected by the member on his original retirement application will be submitted to the board for its approval.

As amended, R.1971 d.16, effective February 1, 1971.
See: 3 N.J.R. 11(b), 3 N.J.R. 52(a).
As amended, R.1974 d.62, effective March 12, 1974.
See: 6 N.J.R. 84(a), 6 N.J.R. 158(b).

17:1-4.17 Retroactive salary increases

In no event will individual retroactive salary adjustments that have been authorized after the member's effective date of retirement or date of death be used as creditable salary for pension or insurance purposes even if the period covered by the salary adjustment extends to a period before the member's effective date of retirement or date of death.

As amended, R.1974 d.62, effective March 12, 1974.
See: 6 N.J.R. 84(a), 6 N.J.R. 158(b).

17:1-4.18 Final compensation

(a) In computing retirement benefits salary increments in excess to 15 percent over the previous year's salary preced-

ing retirement may be considered as possibly a violation of the statute governing the definition of final compensation and all such cases should be investigated.

(b) Those cases where a violation of the statute is suspected shall be referred to the respective board or commission.

Case Notes

Borough attorney's salary increase did not result from creation of new position and statute limiting compensation to be used for pension calculation was applicable. DiMaria v. Board of Trustees of Public Employees' Retirement System, 225 N.J.Super. 341, 542 A.2d 498 (A.D.1988) certification denied 113 N.J. 638, 552 A.2d 164.