

TITLE 17

TREASURY—GENERAL

CHAPTER 1

GENERAL ADMINISTRATION

Authority

N.J.S.A. 52:18A-96 et seq.

Source and Effective Date

R.2003 d.323, effective August 4, 2003.
See: 35 N.J.R. 1854(a), 35 N.J.R. 3594(a).

Chapter Expiration Date

Chapter 1, General Administration, expires on August 4, 2008.

Chapter Historical Note

Chapter 1, General Administration, was adopted and became effective prior to September 1, 1969.

Subchapter 6, Judicial Pension Fund, was repealed by R.1973 d.258, effective September 12, 1973. See: 5 N.J.R. 292(d), 5 N.J.R. 358(b).

Subchapter 10, Prescription Drug Program, was adopted as R.1977 d.117, effective April 1, 1977. See: 9 N.J.R. 142(c), 9 N.J.R. 243(a).

Subchapter 11, Dental Expense Program, was adopted as R.1978 d.99, effective March 15, 1978. See: 10 N.J.R. 38(b), 10 N.J.R. 175(d).

Subchapter 12, Administrative Practices, was adopted as R.1982 d.350, effective October 18, 1982. See: 14 N.J.R. 329(a), 14 N.J.R. 1164(a).

Pursuant to Executive Order 66(1978), Chapter 1, General Administration, was readopted as R.1983 d.174, effective May 16, 1983. See: 15 N.J.R. 523(a), 15 N.J.R. 930(b).

Pursuant to Executive Order No. 66(1978), Chapter 1, General Administration, was readopted as R.1988 d.243, effective May 6, 1988. See: 20 N.J.R. 636(a), 20 N.J.R. 1208(a). Pursuant to Executive Order No. 66(1978), Chapter 1, General Administration, expired on May 6, 1993.

Pursuant to Executive Order No. 66(1978), Chapter 1, General Administration, was adopted as new rules by R.1993 d.376, effective August 2, 1993. See: 25 N.J.R. 1955(a), 25 N.J.R. 3506(a).

Subchapter 13, New Jersey State Employees Cafeteria Plan was adopted as R.1996 d.345, effective August 5, 1996. See: 28 N.J.R. 1942(a), 28 N.J.R. 3808(b).

Pursuant to Executive Order No. 66(1978), Chapter 1, General Administration, was readopted as R.1998 d.240, effective April 22, 1998. See: 30 N.J.R. 1023(a), 30 N.J.R. 1847(a).

Subchapter 2, Alternate Benefit Program, was recodified as N.J.A.C. 17:7 by R.2001 d.159, effective May 21, 2001. See: 33 N.J.R. 988(a), 33 N.J.R. 1601(a).

Chapter 1, General Administration, was repealed and new rules adopted as R.2003 d.323, effective August 4, 2003. See: Source and Effective Date.

Subchapter 11, Volunteer Emergency-Workers Survivors Pension, was adopted by R.2003 d.396, effective October 6, 2003. See: 35 N.J.R. 2790(a), 35 N.J.R. 4733(a).

Subchapter 14, New Jersey State Employees Commuter Tax Savings Program (Commuter Tax\$ave Program), was adopted as R.2004 d.267, effective July 19, 2004. See: 36 N.J.R. 1735(a), 36 N.J.R. 3414(b).

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SUBCHAPTER 1. ADMINISTRATIVE PRACTICES

17:1-1.1 Description of the Division of Pensions and Benefits

(a) The Division of Pensions and Benefits is the successor to the former Bureau of Public Employees' Pensions created in June 1952. Under the general reorganization acts of 1948, the pension funds were located within the State Division of Budget and Accounting. In 1950 they were transferred to the Division of Investment under the statute creating that division.

(b) The Division of Pensions and Benefits, under the Department of the Treasury, was created by Chapter 70, P.L. 1955. All administrative functions of the State pension funds, except for the investment of the assets retained in the Division of Investment, were assigned to the Division of Pensions and Benefits.

(c) The Division of Pensions and Benefits is responsible for one of the largest public employee benefits program in the nation. It administers a comprehensive benefit program that enables public employers throughout the State to attract and retain skilled and talented employees. These include State employees, teachers, police officers, fire fighters, correction officers, judges, and many other local employees whose jobs are fundamental to the safety and well being of all New Jersey residents. The Division administers nine separate pension systems.

(d) The Division also administers the State Health Benefits Program (SHBP) that includes health plans, dental plans, and a prescription drug card plan. This program provides coverage for employees, retirees, and their dependents, of the State and participating local employers.

(e) The Division's benefits programs include the following three supplemental retirement savings programs; the New Jersey State Employees Deferred Compensation Plan, Supplemental Annuity Collective Trust (SACT) and the Additional Contributions Tax Sheltered Program (ACTS). The Division also administers the IRC Section 125 program, termed Tax\$ave, for State employees.

270, 631 A.2d 545, certification denied 134 N.J. 482, 634 A.2d 528, certiorari denied 114 S.Ct. 1072, 510 U.S. 1119, 127 L.Ed.2d 390.

SUBCHAPTER 7. RETIREMENTS

17:1-7.1 Retirement quotations

(a) A member who applies for retirement will be sent a statement of the benefits the member can receive. If such an individual has named a beneficiary for retirement purposes all applicable options will be quoted to the member regardless of the option selection the member may have made on the retirement application.

(b) If no response is received from the member prior to the date the member's retirement application must be submitted to the Board for approval, the option selected by the member on the member's retirement application will be submitted to the Board for its approval.

17:1-7.2 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.

17:1-7.3 Final compensation

(a) With respect to all claims for benefits, the Division of Pensions and Benefits shall investigate increases in compensation reported for credit which exceed reasonably anticipated annual compensation increases for members of the retirement system based upon consideration of the Consumer Price Index for the time period of the increases, the table of assumed salary increases recommended by the actuary and adopted by the Board, and the annual percentage increases of salaries as indicated in data from the Public Employment Relations Commission, or through other reliable industry sources of information regarding average annual salary increases.

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

17:1-7.4 Biweekly salary computation; retirement and death benefits (final compensation or last year's salary)

(a) In computing the salary upon which pension contributions were based during a member's last year of service, in the case of a 12-month employee reported on a biweekly basis, a total of 26 biweekly pays will be used, including any retroactive salary payments made for the covered period.

(b) In computing final compensation upon which pension contributions were based, in the case of a 12-month employee reported on a biweekly basis, a total of 78 biweekly pays will be used, including any retroactive salary payments made for the covered period.

(c) In order to compute the amounts under (a) and (b) above for biweekly employees who are reported biweekly, the actuary will supply factors to convert biweekly salaries to compensate for biweekly payroll schedules. Application of the factors to the salaries reported for pension purposes will develop the wage base for the calculation of benefits.

(d) In computing the amounts under (a) and (b) above in the case of employees reported on a 10-month basis, the total biweekly pays will include those pay periods in the third quarter of each year in which the member does not receive salary. The adjustment as specified in (c) above shall not be made.

(e) If a member was reported on a biweekly basis on any combination of 10- and 12-month contract years in such one or three-year period, the final average compensation or last year's salary period to death or retirement shall be determined on a proportional basis.

(f) The biweekly pay periods for which no contributions were made shall not be used in the calculation with the exception of the pay periods cited in (d) above.

17:1-7.5 Disability applications; priorities

(a) When the Medical Review Board has made a specific recommendation that can be acted upon by the Board or Commission, the Disability Review Section will prepare sufficient copies and forward to the Secretaries of the respective retirement systems those cases that are ready for presentation to the Board or Commission.

(b) The priority in forwarding the cases to the Secretaries of the respective retirement systems shall be in the order of the Boards' or Commission's regular meeting schedule.

(c) If the Medical Review Board has not given a specific medical recommendation upon which the Board or Commission may act, the case will not be forwarded to the Secretary of the retirement system, but the Disability Review Section will proceed in accordance with the advice of the Medical Review Board to obtain additional information needed by the Board or Commission to render a medical recommendation.

17:1-7.6 Medical examinations; out-of-State

(a) The retirement system may arrange medical examinations, for members who live out-of-State, with physicians located in the vicinity of the member's place of residence.

(b) In the event the Board or Commission contemplates the denial of a disability claim based on an out-of-State physi-

cian's medical report, the employee will be required to be examined by a physician selected by the Division of Pensions and Benefits.

(c) The independent medical examiner's report and all related data will be reviewed by the Board or Commission to determine whether the member's application for disability benefits will be approved.

17:1-7.7 Post-retirement employment; employer certification

Employers shall certify on the Certification of Service and Final Salary form that the retiring employee has terminated all service.

17:1-7.8 Employer resolution; involuntary disability application

Applications for the involuntary disability retirement of an employee of a local employer must be accompanied by a resolution of the governing body, or in the case of a State employee, by a letter from the State department head, certifying that the employee is disabled and unable to perform the employee's regular or assigned duties.

17:1-7.9 Workers' compensation; reduction of retirement allowance

(a) A member who retires on an accidental disability retirement under the provisions of the applicable statutes governing the various State-administered retirement systems and who receives periodic benefits under the workers' compensation law after the date of retirement shall be subject to a reduction in the pension portion of the member's retirement allowance in the amount of the periodic benefits received after the date of retirement.

1. The reduction shall be a dollar-for-dollar reduction in the pension portion of the retirement allowance in the amount of the periodic benefits for the time period for which the periodic benefits are received.

2. If the retiree receives a retirement allowance without reduction and periodic benefits under the workers' compensation law for any time period after the date of retirement, the retiree shall repay to the retirement system the amount of the pension portion of the retirement allowance which should have been subject to reduction under the applicable statute and this rule. The repayment may be in the form of a lump sum payment or scheduled as deductions from the retiree's retirement allowances and pension adjustment benefits, except that, if the retiree does not respond by remitting payment in a lump sum within 60 days, the Division shall establish a repayment schedule. In the event of the death of the retiree before full repayment of the amount required under this rule, the remaining balance shall be deducted from any death benefits payable on behalf of the retiree.

3. The reduction under this rule shall not affect the retiree's pension adjustment benefits or survivor benefits that may be payable upon the death of the retiree except for any remaining balance due to the Division as provided in (a)2 above.

(b) Any retiree or beneficiary receiving pension adjustment benefits based upon a reduced retirement allowance due to receipt of periodic workers' compensation benefits shall be entitled to receive pension adjustment benefits based upon the full retirement allowance.

17:1-7.10 Ordinary disability applications; medical examinations

(a) Applicants for ordinary disability retirement shall submit with their applications all the medical information they can supply relative to their disability, including reports of their personal physicians and consulting physicians, hospital records, diagnostic test results, and any other medical information which would assist the Medical Review Board and the Board or Commission of the retirement system in determining eligibility of the applicants for disability retirement. The Disability Review Section shall forward the applications and the accompanying medical information to the Medical Review Board.

(b) If the medical information supplied by the applicant is sufficient for the Medical Review Board to make a medical recommendation, it shall return the case to the Disability Review Section with its recommendation. If the Medical Review Board deems that the medical information supplied by the applicant is not sufficient for it to make a medical recommendation, it shall advise the Disability Review Section to arrange to have the applicant examined by a physician or physicians under contract with the Division of Pensions and Benefits to perform disability examinations, or to obtain additional information needed to make its medical recommendation.

(c) The Board or Commission which governs the pension fund or retirement system may request that an applicant be examined or reexamined by a physician or physicians under contract with the Division of Pensions and Benefits, or that additional information be obtained, if it deems that the medical information available is insufficient to make a decision on the eligibility of the applicant for ordinary disability retirement.

17:1-7.11 Waiver

(a) Application for waiver in whole or part by a retiree or beneficiary who is eligible to receive the increased allowance shall be made at least 30 days prior to the desired effective date on a form required by the Division of Pensions and Benefits and shall be effective on the first day of a subsequent month.

(b) A waived benefit may be reinstated by application to the Division of Pensions and Benefits prior to the

(d) Commuter Tax\$ave Program accounts may only be used to pay for eligible commuter expenses incurred by the employee.

17:1-14.6 Forfeiture of account balances

In the event that the amount elected by an employee to fund a Commuter Tax\$ave Program-Commuter Parking Reimbursement account in a given month exceeds the employee's total claims for Commuter Parking Reimbursement expenses incurred in that month and eligible for payment from the Commuter Tax\$ave Program-Commuter Parking Reimbursement account, or if the employee fails to file a request for Commuter Parking Reimbursement within 180 days of the date the expense is incurred, the balance in the Commuter Tax\$ave Program account for that month shall be forfeited to the State unless the employee requests a rollover

of the unused amount to a future benefit month. The program's administrator shall send the employee two separate notices of the rollover option. Rollover notices will be sent in July and January of each calendar year. An employee will receive an initial notice when available funds are older than 180 days. For employees who fail to respond to the initial notice, second notice will be sent six months later. If the employee fails to exercise the rollover option within 30 days of the date of the second notice, the unused balance shall be forfeited to the State.

17:1-14.7 Compliance with Internal Revenue Code

The Commuter Tax\$ave Program is intended to comply in all respects with the provisions of Section 132 of the Federal Internal Revenue Code of 1986, 26 U.S.C. § 132.