

CHAPTER 3

TEACHERS' PENSION AND ANNUITY FUND

Authority

N.J.S.A. 18A:66-56.

Source and Effective Date

R.1998 d.578, effective November 13, 1998.
See: 30 N.J.R. 3376(a), 30 N.J.R. 4254(a).

Executive Order No. 66(1978) Expiration Date

Chapter 3, Teachers' Pension and Annuity Fund, expires on November 13, 2003.

Chapter Historical Note

Chapter 3, Teachers' Pension and Annuity Fund, was filed and became effective prior to September 1, 1969.

Pursuant to Executive Order No. 66(1978), Chapter 3, Teachers' Pension and Annuity Fund, was readopted as R.1983 d.175, effective May 16, 1983. See: 15 N.J.R. 526(b), 15 N.J.R. 930(c). Pursuant to Executive Order No. 66(1978), Chapter 3 expired on May 16, 1988.

Chapter 3, Teachers' Pension and Annuity Fund, was adopted as new rules by R.1988 d.381, effective August 15, 1988. See: 20 N.J.R. 1181(b), 20 N.J.R. 2072(b). Pursuant to Executive Order No. 66(1978), Chapter 3 expired on August 15, 1993.

Chapter 3, Teachers' Pension and Annuity Fund, was adopted as new rules by R.1993 d.658, effective December 20, 1993. See: 25 N.J.R. 4461(a), 25 N.J.R. 5942(a).

Pursuant to Executive Order No. 66(1978), Chapter 3, Teachers' Pension and Annuity Fund, was readopted as R.1998 d.578, effective November 13, 1998. See: Source and Effective Date.

Law Review and Journal Commentaries

Battle for state contracts: What process is due in a challenge to a state contract award? Patrick D. Kennedy & Maeve E. Cannon, 180 N.J.Law. 16 (Mag.) (Oct./Nov. 1996).

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. ADMINISTRATION

- 17:3-1.1 Board meetings
- 17:3-1.2 Fiscal year
- 17:3-1.3 Officers and committees
- 17:3-1.4 Election of member-trustee
- 17:3-1.5 Certifying agent (employer)
- 17:3-1.6 Records
- 17:3-1.7 Appeal from Board decisions
- 17:3-1.8 Suspension of pension checks
- 17:3-1.9 Verified discrepancy in member's age
- 17:3-1.10 Travel
- 17:3-1.11 Proof of age
- 17:3-1.12 State employees; biweekly salaries
- 17:3-1.13 Nearest attained age; enrollment; retirement

SUBCHAPTER 2. ENROLLMENT

- 17:3-2.1 Eligible positions
- 17:3-2.2 Documentation required
- 17:3-2.3 Full-time
- 17:3-2.4 Emergency or provisional certificate
- 17:3-2.5 Janitors

- 17:3-2.6 (Reserved)
- 17:3-2.7 Enrollment following deferred retirement
- 17:3-2.8 (Reserved)

SUBCHAPTER 3. INSURANCE AND DEATH BENEFITS

- 17:3-3.1 Compulsory and optional enrollment
- 17:3-3.2 Participation in the program
- 17:3-3.3 Computation of insurance benefits
- 17:3-3.4 Contributory insurance rate
- 17:3-3.5 New enrollments and transfers; contributory insurance premiums
- 17:3-3.6 Leave for illness
- 17:3-3.7 Survivor benefits
- 17:3-3.8 Withdrawal application; contributory insurance
- 17:3-3.9 Withdrawal and return; contributory insurance
- 17:3-3.10 Ten-month members
- 17:3-3.11 Contributory insurance premiums; leave of absence
- 17:3-3.12 Beneficiary designation; pension contributions

SUBCHAPTER 4. MEMBERSHIP

- 17:3-4.1 Creditable salary
- 17:3-4.2 Leave with pay
- 17:3-4.3 School year members
- 17:3-4.4 Loan tolerance
- 17:3-4.5 Approved leave
- 17:3-4.6 Minimum adjustment
- 17:3-4.7 Excess contributions
- 17:3-4.8 Military leave
- 17:3-4.9 Eligibility for loan
- 17:3-4.10 Waiver required
- 17:3-4.11 Termination; withdrawal
- 17:3-4.12 Deductions
- 17:3-4.13 Active employment; membership requirement

SUBCHAPTER 5. PURCHASES AND ELIGIBLE SERVICE

- 17:3-5.1 Eligibility for purchase
- 17:3-5.2 New enrollment purchases or rates adjustment
- 17:3-5.3 Reestablishing military leave credit
- 17:3-5.4 Compulsory purchases
- 17:3-5.5 Optional purchases of eligible service
- 17:3-5.6 Methods of payment
- 17:3-5.7 Military leave
- 17:3-5.8 Eligible credit
- 17:3-5.9 Lump-sum purchases

SUBCHAPTER 6. RETIREMENT

- 17:3-6.1 Applications
- 17:3-6.2 Effective date; changes
- 17:3-6.3 Effective date; death prior thereto
- 17:3-6.4 Outstanding loan
- 17:3-6.5 Willful negligence
- 17:3-6.6 Retirement credit
- 17:3-6.7 Disability determination
- 17:3-6.8 Option selection
- 17:3-6.9 Employer and employee notices
- 17:3-6.10 Employer application; employee notice
- 17:3-6.11 Early retirement benefit
- 17:3-6.12 Service retirement eligibility
- 17:3-6.13 Disability retiree; annual medical examinations
- 17:3-6.14 Disability retiree; annual report (employment, earnings, test and adjustment)
- 17:3-6.15 (Reserved)
- 17:3-6.17 Approved allowance
- 17:3-6.18 Option "I" benefit
- 17:3-6.19 Maximum allowance prescribed
- 17:3-6.20 Final compensation; 10 and 12-month members
- 17:3-6.21 Determination of last year's salary; veterans (veteran one-half pay retirement)

- 17:3-6.22 Waiver
- 17:3-6.23 Teachers' Retirement Fund benefits
- 17:3-6.24 Part-time members
- 17:3-6.25 Medical examinations; physicians
- 17:3-6.26 Final compensation; biweekly salary computation for State employees reported by centralized payroll
- 17:3-6.27 Determination of last year's salary; State employee veterans reported by centralized payroll

SUBCHAPTER 7. TRANSFERS

- 17:3-7.1 Interfund transfers; State-administered retirement systems
- 17:3-7.2 (Reserved)

SUBCHAPTER 1. ADMINISTRATION

17:3-1.1 Board meetings

(a) The Board of Trustees shall meet on the first Thursday of each month or at such time as may be deemed necessary by the Board.

(b) The chairman may call for special meetings when necessary.

(c) The current rules within Roberts' Rules of Order, effective as of April 4, 1994, as well as future amendments thereto, are adopted and incorporated herein by reference as the source to be used by the Board of Trustees of the Teachers' Pension and Annuity Fund in the conduct of its monthly meetings.

As amended, R.1973 d.49, effective February 14, 1973.
See: 5 N.J.R. 20(b), 5 N.J.R. 95(b).

As amended, R.1982 d.344, effective October 18, 1982.
See: 14 N.J.R. 201(a), 14 N.J.R. 1164(c).

Change of meeting from second to first Thursday of the month.
Amended by R.1994 d.161, effective April 4, 1994.
See: 25 N.J.R. 5762(b), 26 N.J.R. 1537(d).

17:3-1.2 Fiscal year

The transaction of business and control of funds shall be conducted on a July 1 to June 30 fiscal year, with the exception of the actuarial valuation, which shall be prepared on the basis of the membership payroll and status of all accounts as of March 31 of each year.

17:3-1.3 Officers and committees

(a) The members of the Board shall elect a chairman for the forthcoming year at its regular meeting in June.

(b) The chairman of the Board shall preside at all meetings or in the absence of the chairman, such presiding officer as the Board shall determine.

(c) The chairman and the secretary of the Board shall have the power to act for the Board in all matters which may be referred to them by the Board.

(d) There shall be three standing committees of three members each:

1. Finance Committee;
2. Retirement Committee; and
3. Procedures and Policies Committee.

(e) The Committee shall be appointed at the June Board meeting by the chairman elect for the forthcoming fiscal year.

(f) The State Treasurer and the person designated to represent the Fund on the State Investment Council shall serve as members of the Finance Committee.

(g) The Finance Committee shall review all investment transactions and financial reports referred to it by the secretary for presentation to the Board at its regular monthly meeting.

(h) The Retirement Committee shall consider all cases referred to it by the Secretary and submit its recommendations to the Board at its next meeting.

(i) The Procedures and Policies Committee shall consider all cases referred to it by the secretary and submit its recommendations to the Board at its next meeting.

As amended, R.1973 d.49, effective February 14, 1973.
See: 5 N.J.R. 20(b), 5 N.J.R. 95(b).

17:3-1.4 Election of member-trustee

(a) The Board shall hold an annual convention of delegates of the membership of the Fund each year for the purpose of:

1. Electing a member-trustee to the Board of Trustees;
2. Presenting its annual report; and
3. Conducting a general discussion period on any questions concerning the report or matters pertaining to the Fund.

(b) Such annual convention shall be held each year at 10:30 A.M., on a Saturday in November designated by the trustees, at a location to be announced by the Board.

(c) The chairman of the convention will be a member of the Board of Trustees elected by the Board.

(d) The secretary of the Board shall act as the secretary of the convention.

(e) The delegates to the convention must be active members of the Fund.

(f) The delegates shall be elected at a meeting of the membership in each county to be called by the county superintendent no later than the 27th day of May.

1. Notice of the time and place of the county meeting shall be issued by the county superintendent at least 10 days before the date of the meeting.

2. The meeting shall organize by the election of a chairman and secretary.

As amended, R.1973 d.49, effective February 14, 1973.

See: 5 N.J.R. 20(b), 5 N.J.R. 95(b).

As amended, R.1980 d.103, effective March 5, 1980.

See: 12 N.J.R. 55(b), 12 N.J.R. 224(e).

Amended by R.1998 d.324, effective July 6, 1998.

See: 30 N.J.R. 1027(a), 30 N.J.R. 2515(a).

In (a), deleted “, under the normal retirement age,” following “retirants” and substituted “at least five years or for good cause thereafter” for “a maximum period of five years” in the first sentence, and added a second sentence.

17:3-6.14 Disability retirant; annual report (employment, earnings, test and adjustment)

(a) All disability retirants shall be required to file a report with the Fund which shall include copies of the retirants' IRS 1040 forms and W-2 forms as well as any other proofs of employment requested of a specific retirant indicating the type of employment they are engaged in, if any, and the gross earned income realized therefrom as of December 31 of each year.

1. Such report shall be filed with the Fund before the following April 30.

2. Failure on the part of the retirant to file a completed report with the Fund before April 30 shall result in the presentation of the retirant's case to the TPAF Board of Trustees who may impose penalties or suspend the retirant's entire retirement allowance for the period the report is in default.

(b) If a retirant reports employment and earnings, then the following tests shall be made by the Fund to ascertain:

1. Eligibility for reenrollment: If the retirant is engaged in a position subject to coverage by the Fund, the retirement allowance shall be canceled and the retirant shall be reenrolled in the Fund pursuant to N.J.S.A. 18A:66-40c, effective as of the date of the retirant's appointment to such contract. Any disability retirement benefits received after this date of appointment shall be refunded to the System.

2. Adjustment of allowance:

i. If the retirant is engaged in employment and the gross earned income for the preceding calendar year exceeds the difference between the pension and the salary the retirant would have been receiving had the retirant continued to work for the former employer (normal increment steps and salary guide revisions will be considered but no promotional assumptions will be made), an appropriate adjustment to the pension for the period will be made by such difference.

ii. If it is found, on or after April 30, that gross earned income for the calendar year exceeded the difference between the pension and the salary of the former position and if the retirant does not refund the excess pension to the Fund within 30 days of notification of the difference, the pension for the succeeding 12-month period will be reduced by the excess pension received in the preceding calendar year.

As amended, R.1973 d.49, effective February 14, 1973.

See: 5 N.J.R. 20(b), 5 N.J.R. 95(b).

As amended, R.1980 d.103, effective March 5, 1980.

See: 12 N.J.R. 55(b), 12 N.J.R. 224(e).

Amended by R.1998 d.325, effective July 6, 1998.

See: 30 N.J.R. 1028(a), 30 N.J.R. 2515(b).

Rewrote the section.

17:3-6.15 (Reserved)

As amended, R.1974 d.24, effective January 31, 1974.

See: 5 N.J.R. 426(d), 6 N.J.R. 124(a).

As amended, R.1979 d.397, effective October 4, 1979.

See: 11 N.J.R. 412(a), 11 N.J.R. 596(a).

As amended by R.1981 d.509, effective January 18, 1982.

See: 13 N.J.R. 620(a), 14 N.J.R. 105(c).

(a): deleted “at the ... birthday” and substituted “effective ... 71” therefor.

(c) deleted and (d) renumbered as (c) and (e) renumbered as (d).

Repealed R.1987 d.187, effective April 20, 1987.

See: 19 N.J.R. 195(a), 19 N.J.R. 648(a).

This section was “compulsory retirement”.

17:3-6.16 (Reserved)

Repealed by R.1990 d.283, effective June 4, 1990.

See: 22 N.J.R. 329(a), 22 N.J.R. 1740(c).

Section was “Retirement of members age 71 (correction of age)”.

17:3-6.17 Approved allowance

When a retirement allowance becomes effective, the type of allowance (maximum or option) elected shall stand as approved.

17:3-6.18 Option “I” benefit

The reserve established under the provisions of Option I shall be a form of reducing term insurance, as the reserve shall reduce in value by the amount of the retirant's monthly Option I allowance, whether received or not, for each month that he survives after the effective date of his retirement.

17:3-6.19 Maximum allowance prescribed

Where someone, other than a legal guardian, acting in behalf of a member makes application for a retirement allowance, such individual may not elect other than the maximum allowance for the member and the member's estate must be designated as the beneficiary for all death benefits payable on the member's account.

As amended, R.1975 d.140, effective May 27, 1975.

See: 7 N.J.R. 179(a), 7 N.J.R. 349(a).

17:3-6.20 Final compensation; 10 and 12-month members

(a) In order to determine the final compensation (three-year average) for benefits on a:

1. Member reported on a monthly basis under a ten-month contract, use the creditable salaries upon which contributions were made to the Fund for his final 30 months of service.

2. Member reported on a monthly basis under a 12-month contract, use the creditable salaries upon which

contributions were made to the Fund for his last 36 months of service.

(b) If a member was reported on any combination of ten and 12-month contract years in such three-year period, the final average compensation shall be determined on a proportional basis.

(c) The months for which no contributions were made shall be counted as zero.

As amended, R.1973 d.49, effective February 14, 1973.
See: 5 N.J.R. 20(b), 5 N.J.R. 95(b).
As amended, R.1974 d.24, effective January 31, 1974.
See: 5 N.J.R. 426(d), 6 N.J.R. 124(a).

Case Notes

Applying before retiree's sixtieth birthday precludes special veterans benefits. *Sulzman v. Teacher's Pension and Annuity Fund*, 97 N.J.A.R.2d (TYP) 19.

Teacher's retirement benefits corrected to reflect calculation on proportional basis where teacher worked both 10 and 12-month contract years. *Anderson v. Teachers' Pension and Annuity Fund*, 93 N.J.A.R.2d (TYP) 132.

17:3-6.21 Determination of last year's salary; veterans (veteran one-half pay retirement)

For a member reported on a monthly basis under a 10-month contract, use the member's final 10 months of creditable salaries upon which contributions were made for the period immediately preceding retirement; on a 12-month contract basis, his or her final 12 months of service; combination of 10- and 12-month contracts, on a proportional basis.

As amended, R.1973 d.49, effective February 14, 1973.
See: 5 N.J.R. 20(b), 5 N.J.R. 95(b).
As amended, R.1974, d.24, effective January 31, 1974.
See: 5 N.J.R. 426(d), 6 N.J.R. 124(a).
Amended by R.1985 d.547, effective November 4, 1985.
See: 17 N.J.R. 2239(a), 17 N.J.R. 2674(a).
Substantially amended.

17:3-6.22 Waiver

If for any reason a retirement allowance or portion thereof has been waived by a retired member or beneficiary, the benefit waived shall remain in the Retirement Reserve Fund. Such person may cancel the waiver effective as of the first day of any month subsequent to the receipt of the notice of cancellation; however, he may not make a claim for payment of any benefits waived prior thereto.

As amended, R.1973 d.49, effective February 14, 1973.
See: 5 N.J.R. 20(b), 5 N.J.R. 95(b).

17:3-6.23 Teachers' Retirement Fund benefits

All Teachers' Retirement Fund benefits payable under the provisions of N.J.S.A. 18A:69-49 shall be exempt from consideration where the term "pension" is employed when referring to the suspension of the pension portion of a member's retirement allowance.

17:3-6.24 Part-time members

The determination of benefits, service credit and final compensation for any person (part-time teacher) who qualified for membership under Section 2.3 (Full time) of this Chapter shall be done on the same basis as for regular full-time teachers, with the exception that the Board shall reserve the right to review any application where there has been an unusual change in the teacher's status which might result in the payment of an abnormal benefit.

17:3-6.25 Medical examinations; physicians

Where the statute prescribes that a physician be designated by the Fund to perform a medical examination, such physician shall be selected from the current membership directory of the Medical Society of New Jersey and the New Jersey Association of Osteopathic Physicians and Surgeons; however, in the cases of those members whose personal physician has identified them as having a probable abbreviated life expectancy, such "imminent death" cases may be processed without the necessity of an examination by a physician designated by the Fund if corroborating medical evidence of the diagnosis can be obtained.

As amended, R.1973 d.49, effective February 14, 1973.
See: 5 N.J.R. 20(b), 5 N.J.R. 95(b).
As amended, R.1975 d.140, effective May 27, 1975.
See: 7 N.J.R. 179(a), 7 N.J.R. 349(a).
As amended, R.1977 d.96, effective March 21, 1977.
See: 9 N.J.R. 100(b), 9 N.J.R. 200(a).
As amended, R.1982 d.15, effective February 1, 1982.
See: 13 N.J.R. 749(a), 14 N.J.R. 161(d).
Deleted "in order ... by the fund" and substituted "in the cases ... can be obtained".

17:3-6.26 Final compensation; biweekly salary computation for State employees reported by centralized payroll

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

(b) In computing (a) above, the total salary will be adjusted by the factors supplied by the actuary to convert biweekly salaries to compensate for State biweekly payroll schedules. Application of the factors to the salaries reported for pension purposes will develop "final compensation."

(c) In computing (a) above, in the case of State 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 a salary. The adjustment as specified in (b) above, shall not be made.

(d) If a member was reported on a biweekly basis on any combination of 10- and 12-month contract years, the final average compensation prior to retirement shall be determined on a proportional basis. The biweekly pay periods for which no contributions were made shall be counted as zero.

R.1974 d.24, effective January 31, 1974.

See: 5 N.J.R. 426(d), 6 N.J.R. 124(a).

As amended, R.1978 d.104, effective March 21, 1978.

See: 10 N.J.R. 37(c), 10 N.J.R. 176(a).

17:3-6.27 Determination of last year's salary; State employee veterans reported by centralized payroll

(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 State employee reported on a

biweekly basis, a total of 26 biweekly pays will be used, including any retroactive salary payments made within the prescribed period. The total salary will be adjusted by factors supplied by the actuary to compensate for State biweekly payroll schedules.

(b) In computing (a) above, in the case of State 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 (a) above, shall not be made.