

**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Subchapter 6, Judicial Pension Fund, was repealed by R.1973 d.258, effective September 12, 1973.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Chapter 1, General Administration, was repealed and new rules adopted as R.2003 d.323, effective August 4, 2003.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 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).

**CHAPTER TABLE OF CONTENTS**

**SUBCHAPTER 1. ADMINISTRATIVE PRACTICES**

- 17:1-1.1 Description of the Division of Pensions and Benefits
- 17:1-1.2 Records
- 17:1-1.3 Hearing request
- 17:1-1.4 Mail distribution
- 17:1-1.5 Annual statements; retirement system
- 17:1-1.6 Annual statements; supplemental annuity
- 17:1-1.7 Endorsements
- 17:1-1.8 Priorities
- 17:1-1.9 Bankruptcy; subsequent loans
- 17:1-1.10 Survivor certifications
- 17:1-1.11 Leaves of absence for maternity; benefits; nondiscrimination
- 17:1-1.12 Domestic relations orders

**SUBCHAPTER 2. ACCOUNTING**

- 17:1-2.1 Receipts deposited
- 17:1-2.2 Remittance; limitation
- 17:1-2.3 Due dates for transmittals and reports
- 17:1-2.4 Delinquent notices
- 17:1-2.5 Interest charges; delinquent transmittals; report of contributions
- 17:1-2.6 Disbursement authorizations
- 17:1-2.7 Disbursement schedules
- 17:1-2.8 Disbursement; limitations
- 17:1-2.9 Adjustment statements
- 17:1-2.10 Minimum adjustments
- 17:1-2.11 Annual reports of salary changes
- 17:1-2.12 Lost pension checks
- 17:1-2.13 Administrative expenses; proration among systems
- 17:1-2.14 Employees reported on biweekly salaries
- 17:1-2.15 Credit for partial month service
- 17:1-2.16 Workers' compensation without pay: employer's obligation regarding employee contributions

**SUBCHAPTER 3. ENROLLMENT, MEMBERSHIP, TRANSFERS AND WITHDRAWALS**

- 17:1-3.1 Compulsory enrollments; failure to enroll
- 17:1-3.2 Multiple enrollments; contributions
- 17:1-3.3 Enrollment schedules
- 17:1-3.4 Proof of veteran's status
- 17:1-3.5 Intrafund transfers
- 17:1-3.6 Insurance coverage; ineligibility
- 17:1-3.7 Deduction schedules
- 17:1-3.8 Withdrawal application; processing
- 17:1-3.9 Waiver of retirement benefits upon withdrawal
- 17:1-3.10 Peacetime military service; service credit
- 17:1-3.11 Compensation limit for exclusion from membership after retirement
- 17:1-3.12 Interfund transfers; accumulated interest

**SUBCHAPTER 4. PURCHASES AND ELIGIBLE SERVICE**

- 17:1-4.1 Purchases; cancellation, interest on outstanding purchases or cash discount requested
- 17:1-4.2 Purchase terms; grace period
- 17:1-4.3 Final compensation; salaries to be used for a period of purchased service
- 17:1-4.4 Purchase of service credit; continuation of death benefits coverage; maternity leaves of absence

**SUBCHAPTER 5. INSURANCE AND DEATH BENEFITS**

- 17:1-5.1 Multiple beneficiaries
- 17:1-5.2 Optional settlements; group life insurance

- 17:1-5.3 Accrued increase; limitations
- 17:1-5.4 Return of pension contributions; death of member

**SUBCHAPTER 6. HONORABLE SERVICE**

- 17:1-6.1 Honorable service
- 17:1-6.2 Indictments, dismissals, litigation or appeals

**SUBCHAPTER 7. RETIREMENTS**

- 17:1-7.1 Retirement quotations
- 17:1-7.2 Retroactive salary increases
- 17:1-7.3 Final compensation
- 17:1-7.4 Biweekly salary computation; retirement and death benefits (final compensation or last year's salary)
- 17:1-7.5 Disability applications; priorities
- 17:1-7.6 Medical examinations; out-of-State
- 17:1-7.7 Post-retirement employment; employer certification
- 17:1-7.8 Employer resolution; involuntary disability application
- 17:1-7.9 Workers' compensation; reduction of retirement allowance
- 17:1-7.10 Ordinary disability applications; medical examinations
- 17:1-7.11 Waiver

**SUBCHAPTER 8. PENSION ADJUSTMENT PROGRAM**

- 17:1-8.1 Employer payments; multiple enrollees
- 17:1-8.2 Employer payments; delinquencies
- 17:1-8.3 Return to public employment; pension adjustments
- 17:1-8.4 Employer payments
- 17:1-8.5 Calculation of cost-of-living adjustment (COLA) under P.L. 2002, c.109

**SUBCHAPTER 9. UNEMPLOYMENT INSURANCE**

- 17:1-9.1 Due dates for contributions and reports
- 17:1-9.2 Employer responsibility; benefit claims
- 17:1-9.3 Employer verification of claim payments
- 17:1-9.4 Employee eligibility for coverage
- 17:1-9.5 Termination of employment; separation notice
- 17:1-9.6 Designated contractor

**SUBCHAPTER 10. SOCIAL SECURITY**

- 17:1-10.1 Social Security referendum
- 17:1-10.2 Federal-State agreement; modifications
- 17:1-10.3 Benefit and claim issues
- 17:1-10.4 Social Security coverage; excluded services

**SUBCHAPTER 11. VOLUNTEER EMERGENCY-WORKERS SURVIVORS PENSION**

- 17:1-11.1 Definitions
- 17:1-11.2 Survivor's pension payable pursuant to N.J.S.A. 43:12-28.1
- 17:1-11.3 Eligibility for a survivor's pension
- 17:1-11.4 Application for a survivor's pension
- 17:1-11.5 Ineligibility to receive two survivor's benefits
- 17:1-11.6 Survivor pension benefits

**SUBCHAPTER 12. CENTRAL PENSION FUND**

- 17:1-12.1 Application required
- 17:1-12.2 Disability certification form
- 17:1-12.3 Withholding forms
- 17:1-12.4 Surrogate's certification
- 17:1-12.5 Last check benefit

**SUBCHAPTER 13. NEW JERSEY STATE EMPLOYEES TAX SAVINGS PROGRAM (TAX\$AVE)**

- 17:1-13.1 Establishment of plan
- 17:1-13.2 Unreimbursed medical spending account
- 17:1-13.3 Premium option plan
- 17:1-13.4 Dependent care spending account
- 17:1-13.5 Salary reduction elections
- 17:1-13.6 Claims for payment from plan accounts
- 17:1-13.7 Forfeiture of account balances
- 17:1-13.8 Compliance with Internal Revenue Code

**SUBCHAPTER 14. THE NEW JERSEY STATE EMPLOYEES COMMUTER TAX SAVINGS PROGRAM (COMMUTER TAX\$AVE PROGRAM)**

- 17:1-14.1 Establishment of plan
- 17:1-14.2 Enrollment in and deductions for the Commuter Tax\$ave Program
- 17:1-14.3 Salary reduction elections
- 17:1-14.4 Reimbursement of qualified transportation fringe benefit
- 17:1-14.5 Claims for payment from plan accounts
- 17:1-14.6 Forfeiture of account balances
- 17:1-14.7 Compliance with Internal Revenue Code

**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.

(f) The following Boards and Commissions provide oversight and direction to the benefits programs:

1. Public Employees' Retirement System Board;
2. Teachers' Pensions and Annuity Fund Board;
3. Police and Firemen's Retirement System Board;
4. State Police Retirement System Board;
5. Consolidated Police and Firemen's Pension Fund Commission;
6. State House Commission for the Judicial Retirement System;
7. State Health Benefits Commission;
8. New Jersey State Employees Deferred Compensation Board;
9. Supplemental Annuity Collective Trust Council;
10. Pension and Health Benefits Review Commission;  
and
11. The Investment Council.

**17:1-3.12 Interfund transfers; accumulated interest**

(a) Notwithstanding the provisions of N.J.A.C. 17:2-7.1, 17:3-7.1, 17:4-7.1 and 17:10-6.1 concerning interfund transfers of members between State-administered retirement systems, accumulated interest credited to the member's account in the former system will only be transferred as part of such member's contributions to the new system if the new system likewise credits interest to its member accounts.

(b) If the new system does not credit interest to its member accounts then only the contributions actually made by the member to the former system will be transferred to the new system when an interfund transfer occurs.

---

**SUBCHAPTER 4. PURCHASES AND ELIGIBLE SERVICE**
**17:1-4.1 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 who has authorized a purchase of service credit prior to September 8, 1998 and who is inactive, or becomes inactive, the purchase shall remain outstanding. The outstanding balance on the purchase shall include additional regular interest beginning September 8, 2000, or the date of inactivity, whichever is later.

**17:1-4.2 Purchase terms; grace period**

A member who receives a written optional purchase cost quotation is given a 90-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 90 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.

As amended, R.1981 d.85, effective March 6, 1981.  
See: 13 N.J.R. 109(a), 13 N.J.R. 247(c).

(b): "certifying officer" was "certifying agent".  
Amended by R.2004 d.45, effective February 2, 2004.  
See: 35 N.J.R. 4830(a), 36 N.J.R. 661(a).  
Substituted "90" for "60".

**17:1-4.3 Final compensation; salaries to be used for a period of purchased service**

(a) If a period of purchased New Jersey service may be included in the period for the calculation of final compensation, actual base salaries paid during such period will be certified and used in the computation.

(b) The period of a purchased leave of absence will not be included in the calculation of final compensation.

**17:1-4.4 Purchase of service credit; continuation of death benefits coverage; maternity leaves of absence**

In the event of an unpaid leave of absence for maternity, no leave of absence period granted by any public employer can be approved for the subsequent purchase of credit for a period in excess of three months unless the Division of Pensions and Benefits receives a certification from a physician that such member was disabled due to pregnancy and resulting disability for the period in excess of three months. During the first three months of an unpaid leave of absence for maternity, the member shall be presumed to be disabled from the performance of her job duties because of her pregnancy and its resulting disabilities.

As amended, R.1971 d.16 effective February 1, 1971.  
See: 3 N.J.R. 11(b), 3 N.J.R. 52(a).  
Amended by R.1987 d.76, effective February 2, 1987.  
See: 18 N.J.R. 2320(a), 19 N.J.R. 304(a).

Deleted text "unless otherwise specified by the employee."

**Case Notes**

New Jersey pension credit; working from 17th of month to end of month. *Thompson v. Board of Trustees of the Public Employees' Retirement System*, 93 N.J.A.R.2d (TYP) 166.

## SUBCHAPTER 5. INSURANCE AND DEATH BENEFITS

### 17:1-5.1 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.

As amended, R.1982 d.491, effective January 17, 1983.  
See: 14 N.J.R. 1290(a), 15 N.J.R. 95(b).

Hearings conducted by Office of Administrative Law.

#### Case Notes

Policeman was not entitled to reopen denied application for accidental disability retirement benefits. *Obsuth v. Board of Trustees of the Police and Firemen's Retirement System*, 93 N.J.A.R.2d (TYP) 175.

### 17:1-5.2 Optional settlements; group life insurance

As the statutes provide that death benefits under the group life insurance contracts may be paid under any optional settlement made available by the insurance company, the beneficiary will be informed of such opportunity in the correspondence when such optional settlements are possible. If the beneficiary requests advice concerning such settlements, the claim shall be forwarded to the carrier for contact with the beneficiary. The Division will be advised of the final settlement for the recording of the data with the retirement system.

### 17:1-5.3 Accrued increase; limitations

Upon the death of a retiree or a beneficiary receiving a pension, any payments which were due to the deceased shall be paid to a named beneficiary as established in the records of the State-administered retirement system, or if none is named, to the deceased's estate.

### 17:1-5.4 Return of pension contributions; death of member

(a) A deceased member's pension contributions shall be payable to a named beneficiary who is at least 18 years old.

(b) If a member designates a beneficiary who is not yet 18 years old to receive the return of pension contributions, and no trustee or guardian is appointed, the Division of Pensions and Benefits will pay the benefit as soon after the beneficiary's 18th birthday as possible. The beneficiary must notify the Division at the time of his or her 18th birthday for the benefit to be paid.

(c) No interest accrues on the member's contributions between the date of the member's death and the date of distribution.

New Rule, R.2004 d.265, effective July 19, 2004.  
See: 36 N.J.R. 1733(a), 36 N.J.R. 3413(a).

## SUBCHAPTER 6. HONORABLE SERVICE

#### Authority

52:18A-96 et seq.

#### Source and Effective Date

R.2001 d.388, effective November 5, 2001.  
See: 33 N.J.R. 1872(a), 33 N.J.R. 3754(a).

### 17:1-6.1 Honorable service

(a) The receipt of a public pension or retirement benefit is expressly conditioned upon the rendering of honorable service by a public officer or employee. Pursuant to N.J.S.A. 43:1-3, the Boards of Trustees of the State-administered retirement systems are authorized to order the forfeiture of all or part of the pension or retirement benefit of a member of the fund or system for misconduct occurring during the member's public service which render the member's service or part thereof, dishonorable.

(b) Whenever the Board of Trustees determines that a partial forfeiture of pension or retirement benefits is warranted, it shall order that benefits be calculated as if the accrual of pension rights terminated as of the date the misconduct first occurred unless (c) below applies.

(c) In the limited circumstances where the termination of pension rights as of the date of the misconduct results in no reduction, or a minimal reduction of pension or retirement benefits, or in an excessive forfeiture, as compared to the nature and extent of the misconduct and the years of honorable service, the Board may, in its sole discretion, provide a more equitable relief. Alternate methods available to the Board when a forfeiture of service renders an unreasonable or unjust result include, but are not limited to:

1. Forfeiture of salary credit upon which retirement benefits are based;
2. Forfeiture of system-paid retired State Health Benefits;
3. Forfeiture of right to participate in the retired State Health Benefits Program;
4. Reduction in monthly retirement allowance;
5. Forfeiture of service and/or salary credit in a specific title or rank;
6. Forfeiture of service in excess of that needed to qualify for a specific retirement benefit; or
7. Forfeiture of a percentage of the retirement benefit based on the calculation of the percentage of time which was dishonorable service as compared to the total years and months of service credit.