

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. See: 35 N.J.R. 3594(a).

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Subchapter 6, Judicial Pension Fund, was repealed by R.1973 d.258, effective September 12, 1973.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).

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Chapter 1, General Administration, was repealed and new rules adopted as R.2003 d.323, effective August 4, 2003.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

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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.

(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.

17:1-9.4 Employee eligibility for coverage

Determinations will be made by the Division of Unemployment and Disability Insurance relative to an employee's eligibility for coverage in the Unemployment Insurance Program.

17:1-9.5 Termination of employment; separation notice

All employing units must immediately, upon the termination of an employee's services, provide pertinent information regarding the employee's separation to the designated contractor.

17:1-9.6 Designated contractor

A contractor will be designated to develop and maintain a cost control program in accordance with the terms of the contract awarded by the State. The Division of Pensions and Benefits will coordinate the contractor's activities with respect to State employing units and review quarterly reports of claims activity prepared by the contractor.

Employees' Retirement System, taking into account the pro rata value of assets and liabilities which are transferred to the Public Employees' Retirement System.

(c) As the use of a divided system approach may not result in the termination of the pension fund, the members of the pension fund who are already covered by Social Security and who are not eligible to vote in the referendum shall also be permitted to enroll in the Public Employees' Retirement System on the same optional basis and to the same extent and with the same limitations as those who voted in favor of Social Security coverage.

17:1-10.2 Federal-State agreement; modifications

All modifications of the Federal-State agreement are prepared by the Division of Pensions and Benefits and subject to review by the Attorney General's office.

17:1-10.3 Benefit and claim issues

All benefit and claim issues are the responsibility of the Federal Social Security Administration.

17:1-10.4 Social Security coverage; excluded services

If an employer had previously excluded services which the employer subsequently wishes to cover, the employer shall be required to cover all previously excluded services in order to avoid the issue of discrimination against any particular group of eligible employees.

SUBCHAPTER 10. SOCIAL SECURITY**Subchapter Historical Note**

Subchapter 10, formerly entitled Prescription Drug Program, was filed and became effective on April 1, 1977 as R.1977 d.117. See: 9 N.J.R. 142(c), 9 N.J.R. 243(a). Sections 17:1-10.1 and 17:1-10.2 were amended and recodified to N.J.A.C. 17:9-8 and section 17:1-10.3 was repealed by R.1993 d.268, effective August 2, 1993. See: 25 N.J.R. 675(b), 25 N.J.R. 3506(b).

17:1-10.1 Social Security referendum

(a) As the provisions of P.L. 1956, c.169 contemplate the termination of an entire pension fund and the transfer of its assets, liabilities and membership to the Public Employees' Retirement System upon a successful referendum on the issue of Social Security coverage by a majority vote, when the referendum involves the use of a divided system approach in accordance with the provisions of P.L. 1980, c.86, all of the provisions of P.L. 1956, c.169, shall apply except on a pro rata basis.

(b) Unless the pension fund is terminated in its entirety, the pensions and other benefits granted shall be continued by the pension fund. As the pension fund is not terminated in whole, the actuary shall calculate the liability of each employer only for persons becoming members of the Public

SUBCHAPTER 11. (RESERVED)**Subchapter Historical Note**

Subchapter 11, formerly entitled Dental Expense Program, was filed and became effective on March 15, 1978, as R.1978 d.99. See: 10 N.J.R. 38(b), 10 N.J.R. 175(d). Subchapter 11 was recodified to N.J.A.C. 17:9-9 by R.1993 d.268, effective August 2, 1993. See: 25 N.J.R. 675(b), 25 N.J.R. 3506(b).

SUBCHAPTER 12. CENTRAL PENSION FUND**17:1-12.1 Application required**

For retirement of State employees under the Veterans Retirement Act, N.J.S.A. 43:4-1 et seq., or the Heath Act,

N.J.S.A. 43:5-1 et seq., an application on a form provided by the Division of Pensions and Benefits must be prepared by the employee, certified by the employing agency and filed with the Division.

17:1-12.2 Disability certification form

Where disability is the cause for the pension, a certification of the disability by a physician on a form provided by the Division of Pensions and Benefits must be filed with the Division.

R.1982 d.469, effective January 3, 1983.
See: 14 N.J.R. 1201(b), 15 N.J.R. 36(c).

17:1-12.3 Withholding forms

A W-4P, "Withholding Certificate for Pension or Annuity Payments," must be filed with the Division of Pensions and Benefits.

R.1983 d.39, effective February 22, 1983.
See: 14 N.J.R. 1447(b), 15 N.J.R. 245(a).

17:1-12.4 Surrogate's certification

(a) When a pensioner dies and a residual benefit is payable, the claimant shall file an appropriate certification from the Surrogate's Office with the Division of Pensions and Benefits.

(b) No such certification will be necessary in the case of the Heath Act where there is a named beneficiary surviving the pensioner.

(c) A death certificate and a form for payment will also be required.

R.1983 d.216, effective June 20, 1983.
See: 15 N.J.R. 525(a), 15 N.J.R. 1037(d).

SUBCHAPTER 13. NEW JERSEY STATE EMPLOYEES' CAFETERIA PLAN

Authority

N.J.S.A. 52:18A-30(d); P.L. 1996, c. 8,
§ 7; 26 U.S.C. §§ 125 and 129.

Source and Effective Date

R.1996 d.345, effective August 5, 1996.
See: 28 N.J.R. 1942(a), 28 N.J.R. 3808(b).

17:1-13.1 Establishment of plan

All State employees eligible to participate in the State Health Benefits Program are eligible to participate in the New Jersey State Employees' Cafeteria Plan set forth in this subchapter. In each calendar year, each employee may participate in one or more of the plan options described in this subchapter.

17:1-13.2 Unreimbursed medical spending account

(a) Each employee may elect to reduce his or her salary, through regular payroll deductions, by a specified dollar amount to create an unreimbursed medical spending account to provide for the direct payment or reimbursement by the State, or its plan administrator, of any or all medical and dental expenses not reimbursed, or only partially reimbursed, under the employee's health benefit plan or any other benefit plan, and considered by the Internal Revenue Service to be a tax deductible medical expense.

1. Examples of eligible expenses are orthodontia, surgery (including cosmetic surgery), and the deductible portion of medical and dental expenses under the employee's health benefits plan, as well as coinsurance amounts.
2. Eligible expenses include those incurred by the employee's eligible dependents.
3. Note that premium contributions required for any medical or dental coverage are paid through premium conversion and not from the unreimbursed medical spending account.

17:1-13.3 Premium option plan

If an employee selects medical or dental coverage requiring the payment of a premium contribution, the employee's salary will be reduced by the amount of the required premium contribution as part of the plan, and the employee will not have to request this benefit. If, however, an employee does not wish to participate in the premium option plan, the employee must file a declination of premium option plan form with the employee's benefits administrator. An employee's participation in the premium option plan terminates on the employee's last day of employment.

17:1-13.4 Dependent care spending account

Each employee may elect to reduce his or her salary, through regular payroll deductions, by a specified dollar amount to create a dependent care spending account to provide for the direct payment or reimbursement by the State, or its plan administrator, of any or all dependent care expenses as provided in § 129 of the Internal Revenue Code, 26 U.S.C. § 129. Examples of eligible expenses are expenses incurred by the employee for the care of dependents under the age of 13 and dependents, including the employee's spouse, who are physically or mentally incapable of self-care.

17:1-13.5 Salary reduction elections

(a) The plan shall operate on a calendar-year basis, with each employee permitted to make a one-time salary-reduction election for the calendar year. The initial plan year shall commence on June 28, 1996, and shall conclude on December 31, 1996.

(b) Salary-reduction elections shall be made during enrollment periods announced by the Division of Pensions and Benefits and shall be submitted to the plan administrator. Information about the plan administrator and election forms shall at all times be available from the Division of Pensions and Benefits.

(c) In each calendar year, an employee establishing an unreimbursed medical spending account must elect a salary reduction amount of at least \$100 but not more than \$2,000 for this account.

(d) In each calendar year, an employee establishing a dependent care spending account must elect a salary reduction amount of at least \$250 but not more than \$5,000 (\$2,500 if married, filing separately) for this account.

(e) Once made, a salary-reduction election for a given calendar year is irrevocable; provided, however, that modification or revocation of an election will be permitted if

allowable under § 125 of the Internal Revenue Code, 26 U.S.C. § 125, as in certain circumstances involving a change in family status.

17:1-13.6 Claims for payment from plan accounts

(a) Claims for payment of expenses eligible for payment from plan accounts shall be submitted to the plan administrator. Information about the plan administrator and claim forms shall at all times be available from the Division of Pensions and Benefits.

(b) In each calendar year, the total payments from a plan account shall not exceed the total salary reduction amount elected by the employee for that account for that calendar year.

(c) Participation in each plan account will terminate on December 31 of each year. The employee, however, may continue to submit claims for expenses incurred in that calendar year through March 31 of the following year.

(d) Plan accounts may not be used to pay expenses incurred prior to the employee's participation in the account or for periods that an employee is not contributing to the plan.

17:1-13.7 Forfeiture of account balances

In the event that the amount elected by an employee to fund a plan account in a given calendar year exceeds the employee's total claims for expenses incurred in that calendar year (as submitted no later than March 31 of the following calendar year) and eligible for payment from the plan account, the balance in the plan account shall be forfeited to the State.

17:1-13.8 Compliance with Internal Revenue Code

The plan is intended to comply in all respects with the provisions of § 125 of the Internal Revenue Code, 26 U.S.C. § 125.