

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 Ineligible positions; interim appointment to boards of education
- 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
- 17:3-3.13 Acceptable designations of beneficiaries

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 Service ineligible for purchase
- 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 Disability retirements; filing after more than two years' discontinuance of service
- 17:3-6.16 (Reserved)
- 17:3-6.17 Approved allowance
- 17:3-6.18 Option "I" benefit

- 17:3-6.19 (Reserved)
- 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.

Amended by R.2000 d.442, effective November 6, 2000.

See: 32 N.J.R. 2985(a), 32 N.J.R. 3996(b).

Rewrote the section.

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 convention shall be held annually at a time and location designated 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 or former members receiving a retirement allowance from the Fund.

(c) In the event proof of age has not been filed with the Fund before retirement, such proof must be filed before any retirement benefits may be disbursed.

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

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

As amended, R.1983 d.78, effective March 21, 1983.

See: 14 N.J.R. 1202(b), 15 N.J.R. 449(b).

Language added regarding proof of age.

17:3-1.12 State employees; biweekly salaries

(a) Retirement and death benefits as well as service credit will be determined on the basis of biweekly pay periods for State employees paid by centralized payroll.

(b) In the event a member is reported on a combination of monthly and biweekly pay periods, his last year's salary or final compensation as well as his service credit will be computed on a proportional basis.

R.1974 d.24, effective January 31, 1974.
See: 5 N.J.R. 426(c), 6 N.J.R. 124(a).

17:3-1.13 Nearest attained age; enrollment; retirement

(a) An individual, who is six months or more past his or her most recent birthdate at the time of his or her enrollment will have his or her pension contribution rate and retirement factor based upon the age on his or her next birthday.

(b) Retired members will have their retirement benefits, as well as their survivors' benefits, calculated upon the basis of the factors applicable to their age on their next birthday.

New Rule, R.1991 d.226, effective May 6, 1991.
See: 23 N.J.R. 188(a), 23 N.J.R. 1421(b).

SUBCHAPTER 2. ENROLLMENT**17:3-2.1 Eligible positions**

(a) With the exception of the public institutions and the Department of Higher Education, any person who is appointed by the State or local board of education in the State, as a regular full-time employee to one of the following teaching or professional staff positions shall be required to become a member of the Fund effective as of the date of their employment:

1. Regular teacher;
2. Special teacher;
3. Helping teacher;
4. Teacher-clerk;
5. State Commissioner;
6. Principal;
7. Vice-principal;
8. Assistant principal;
9. Guidance director;
10. School social worker;
11. School physical therapist;
12. Supervisor;

13. Supervising principal;
14. Assistant Commissioner of Education;
15. Director;
16. Superintendent;
17. City Superintendent;
18. Assistant city superintendent;
19. Teacher-counselor;
20. School nurse;
21. School psychologist;
22. County superintendent;
23. School administrator;
24. Subject supervisor;
25. Librarian;
26. Music teacher;
27. Recreation director;
28. Coordinator;
29. Coordinator for distributive education;
30. Guidance and placement counselor;
31. Vocational supervisor;
32. Assistant superintendent in charge of business;
33. General supervisor of instruction;
34. General secondary supervisor;
35. General elementary supervisor;
36. Assistant subject supervisor;
37. School occupational therapist;
38. Speech therapist;
39. Vocational administrator;
40. Vocational trade and industrial coordinator;
41. Vocational trade and industrial teacher;
42. Director, administrator or supervisor of guidance and student personal services;
43. School business administrator;
44. Learning disability specialist.

(b) Any person coming under the definition of "teacher", who is appointed to a regular full-time position in the following schools, shall be eligible for enrollment:

1. The Accredited Evening High Schools at Camden, East Orange, Newark, Bayonne, Jersey City, Trenton, Woodbridge, Asbury Park and Morristown. A minimum of five periods per evening is required to qualify as a full-time employee.
2. Belleville Cerebral Palsy Center.

(c) If a person, who is employed under the Federal Elementary and Secondary Education Act of 1965, meets all three of the following prerequisites, he shall be eligible for enrollment in the fund:

1. He is a regular full-time employee of the board of education;
2. He is appointed to a position which comes within the classification of "teacher;"
3. He has a valid certificate of the State Board of Education for the position that he holds under the Federal Act.

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.1979 d.205, effective May 22, 1979.

See: 11 N.J.R. 208(a), 11 N.J.R. 359(a).

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

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

As amended, R.1983 d.484, effective November 7, 1983.

See: 15 N.J.R. 1360(b), 15 N.J.R. 1871(a).

Assistant principal added to list of position.

Amended by R.1985 d.658, effective January 6, 1986.

See: 17 N.J.R. 2238(b), 18 N.J.R. 93(c).

(b)1 deleted text "serving under a contract not conditioned by the continuance of Federal funding;"

Case Notes

Substitute teacher was temporary employee within meaning of statutory amendment including temporary public employees in retirement system. *Schulaner v. Board of Trustees*, 92 N.J.A.R.2d (TYP) 55.

Director of Community Adult Education and Principal of Adult High School held not eligible for pension fund membership as positions were not included in statutory definition of teacher (Board's Final Decision). *Carrea v. Bd. of Trustees, Teachers' Pension and Annuity Fund*, 5 N.J.A.R. 419 (1979), reversed per curiam Docket No. A-506-79 (App. Div.1980).

17:3-2.2 Documentation required

If a person is appointed to a title which does not specifically appear in section 2.1 (Eligible positions) of this chapter, in order to determine such person's eligibility for enrollment, his employer shall be required to support the enrollment application with a statement setting forth the duties, qualifications, tenure rights and State Board Certification requirements of the position.

Case Notes

Director of Community Adult Education and Principal of Adult High School held not eligible for pension fund membership as positions were not included in statutory definition of teacher (Board's Final Decision). *Carrea v. Bd. of Trustees, Teachers' Pension and Annuity Fund*, 5 N.J.A.R. 419 (1979), reversed per curiam Docket No. A-506-79 (App. Div.1980).

17:3-2.3 Full-time

(a) A "teacher" employed under a regular annual contract and performing all the duties required of the position, although he may only work part of the day every day or only two or three days every week shall be considered a full-time employee subject to enrollment in the Fund.

(b) The same provision shall also apply with respect to a "teacher" employed by two or more boards of education where the combined employment constitutes full-time employment. Such a "teacher" must enroll in each of his positions.

(c) The compulsory enrollment of "teachers" coming under this rule was not effected until January 1, 1956. Any employee, other than a veteran, who was employed under these circumstances prior to January 1, 1956 was given the option to enroll or not enroll and he shall continue to retain this option provided there has been no change in his employment since January 1, 1956.

Case Notes

Part-time (three days per week) school social worker performing all duties of position while at work, with another part-time employee performing duties at other times, held not eligible for pension fund membership, in furtherance of the Fund's establishment to benefit "career" rather than part-time teachers. *Caplan v. Bd. of Trustees, Teachers' Pension and Annuity Fund*, 3 N.J.A.R. 129 (1981).

17:3-2.4 Emergency or provisional certificate

(a) Any teacher employed under an emergency or provisional certificate, who is appointed to a regular full-time position under contract, shall be eligible for enrollment as of the date of employment.

(b) In the event a teacher does not qualify for a regular teaching certificate before his emergency or provisional certificate expires and such teacher is continued in employment as a substitute or temporary employee, such member:

1. Will not be permitted to make contributions to the fund while employed in a substitute or temporary status;
2. Will be permitted to retain inactive membership for a period not in excess of two years;
3. Will be permitted to purchase credit for the period of substitute service as may be provided by statute.
4. Will not be covered for either the non-contributory or contributory insurance during the period of substitute service, in which event such member may exercise his group life insurance conversion rights.

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

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

17:3-2.5 Janitors

Any janitorial employee who was enrolled prior to August 1, 1966 shall be eligible to continue membership until such membership terminates.

17:3-2.6 Ineligible positions; interim appointment to boards of education

Any person retired from the Teachers' Pension and Annuity Fund who is temporarily appointed to any position listed in N.J.A.C. 17:3-2.1 or the functional equivalent thereof shall be ineligible for enrollment in the retirement system if the total time for all interim appointments with one board of education does not exceed six months. If the total time for all the interim appointments with one board of education exceeds six months, the individual shall be declared an employee for pension purposes and shall be enrolled in the Fund effective the first day of the seventh month of service.

New Rule, R.1999 d.430, effective December 20, 1999.
See: 31 N.J.R. 2708(a), 31 N.J.R. 4293(a).

(b) In the instance of an active member who died in the performance of duty (accidental death), the initial pension payment will be for the month following the month in which the member died, and the last payment will cover the month immediately preceding the month the survivor dies or ceases to qualify for the continuance of benefits.

As amended, R.1975 d.140, effective May 27, 1975.
See: 7 N.J.R. 179(a), 7 N.J.R. 349(a).

17:3-3.8 Withdrawal application; contributory insurance

A properly executed contributory insurance withdrawal application must be in the possession of the Fund before termination of contributory insurance can be effected. Such withdrawal application cannot be retroactive.

17:3-3.9 Withdrawal and return; contributory insurance

(a) Withdrawal from contributory insurance coverage shall apply only to the membership account under which the cancellation was exercised.

(b) A person, who has cancelled his contributory insurance coverage and withdraws from membership in the Fund, shall, upon his subsequent reenrollment in the Fund, be subject to provisions of Section 3.1 (Compulsory and optional enrollment) of this Chapter.

17:3-3.10 Ten-month members

A member employed on other than a 12-month contract year will continue to be insured during the summer vacation period provided a *bona fide* employee-employer relationship exists during this period.

17:3-3.11 Contributory insurance premiums; leave of absence

(a) Contributory insurance coverage will be in effect while a member is on an official leave of absence without pay for the following reasons:

1. To fulfill a residency requirement for an advanced degree;
2. As a full-time student at an institution of higher education; and
3. Up to 93 days while on an official leave for any other reason, provided insurance premiums are paid in advance of the date the leave was granted.

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

17:3-3.12 Beneficiary designation; pension contributions

(a) Only a primary and a contingent designation of beneficiary may be made by the member of the payment of such member's accumulated pension contributions.

(b) Multiple members of a retirement system are required to file new beneficiary forms when the beneficiary nomination on the multiple enrollment forms do not agree.

(c) All beneficiaries must be specifically named. The designation—"children", unless otherwise qualified by the member, shall mean all individuals, including natural or adopted children, entitled to take from the member by the New Jersey law of interstate succession, N.J.S.A. 3A:2A-1 et seq., and excludes all persons who are only stepchildren, foster children, grandchildren or any more remote descendants.

R.1974 d.24, effective January 31, 1974.
See: 5 N.J.R. 426(d), 6 N.J.R. 124(a).
As amended, R.1983 d.78, effective March 21, 1983.
See: 14 N.J.R. 1202(b), 15 N.J.R. 449(b).
Subsections (b) and (c) added.

17:3-3.13 Acceptable designations of beneficiaries

(a) The beneficiary designation on a duly executed retirement application that is filed with and accepted by the Division supersedes any older designation of beneficiary on file. The designation is effective upon acceptance by the Division, even if the retirement date on the application is in the future or the member withdraws the retirement application.

1. The beneficiary or beneficiaries designated on the retirement application for the retirement allowance shall be the beneficiary or beneficiaries for the return of the member's accumulated contributions.
2. If no beneficiary designation is in effect at the time of the member's death, or if no one is named as beneficiary for the retirement allowance, the Division shall pay the benefit to the member's estate.

(b) The beneficiary or beneficiaries of the group life insurance designated on the retirement application shall be the beneficiary or beneficiaries of the active group life insurance.

1. If no beneficiary designation is in effect at the time of the member's death, or if no one is named as beneficiary for life insurance, the Division shall pay the benefit to the member's estate.

New Rule, R.2000 d.101, effective March 20, 2000.
See: 31 N.J.R. 3930(a), 32 N.J.R. 1046(a).
Amended by R.2000 d.441, effective November 6, 2000.
See: 32 N.J.R. 2986(a), 32 N.J.R. 3996(c).
In (a), added "or the member withdraws the retirement application" at the end of the introductory paragraph.

SUBCHAPTER 4. MEMBERSHIP

17:3-4.1 Creditable salary

(a) Only a member's base or contractual salary shall be subject to pension and group life insurance contributions

and creditable for retirement and death benefits in the Fund.

(b) The Board shall reserve the right to question any salary to determine its creditability.

(c) Where it is evident from the record that a salary reported for benefits includes extra compensation, such extra compensation shall be considered not creditable for benefits and all contributions made thereon shall be returned without interest.

(d) Some of the forms of compensation that have been defined as extra compensation are as follows:

1. All forms of bonus or overtime;
2. Extra compensation paid for coaching sports;
3. Retroactive salary adjustment or pay adjustment made within member's final year of service, unless such adjustment was made as the result of an across-the-board pay adjustment for all personnel in the school district;
4. Individual pay adjustment made within or at the conclusion of a member's final year of service;
5. Increment granted for retirement credit or in recognition of the member's forthcoming retirement or in recognition of the member's years of service in the community;
6. Lump sum terminal accumulated sick leave or vacation pay;
7. Individual adjustment made in final year to place member at maximum on salary guide;
8. Additional compensation paid for performing temporary administrative or supervisory assignments such as department head, acting principal and the like;
9. Additional compensation paid for teaching evening, extension or summer school;
10. Additional compensation paid for performing clerical or other sundry duties;
11. Additional compensation paid for working during vacation periods.

(e) All claims involving an increase in compensation of more than 15 percent over that of the previous year, as reported to the pension fund, shall be investigated. Those cases where a violation of the statute is suspect shall be reported to the board.

(f) A member under 62 years of age will receive service credit for that base salary received during the period of his suspension in which he is awaiting a determination by the Commissioner of Education as provided under N.J.S.A. 18A-6.14. Service credit will not be granted for such salary after the first of the month following his attainment of age 62 when that salary will no longer be covered by Social Security.

Amended by R.1973 d.49, effective February 14, 1973.
See: 5 N.J.R. 20(b), 5 N.J.R. 95(b).
Amended by R.1981 d.30, effective January 27, 1981.
See: 12 N.J.R. 675(d), 13 N.J.R. 162(a).
(f) added.

Law Review and Journal Commentaries

Pensions—Teachers. Steven P. Bann, 133 N.J.L.J. No. 11, 54 (1993).

Case Notes

High school teachers acting as department chairpersons were not temporary employees so compensation received was creditable. *Siri v. Board of Trustees of Teachers' Pension and Annuity Fund*, 262 N.J.Super. 147, 620 A.2d 440 (A.D.1993).

Additional half-day of work performed by high school psychologist was not temporary so the extra salary was creditable for pension purposes. *Siri v. Board of Trustees of Teachers' Pension and Annuity Fund*, 262 N.J.Super. 147, 620 A.2d 440 (A.D.1993).

Merit increase not a bonus for pension calculation purposes. *Farrah v. Teachers' Pension and Annuity Fund*, 93 N.J.A.R.2d (TYP) 69.

Petition for pension credit for payment received for services rendered as high school department chairman denied based upon finding that payment did not take the form of salary and was classified as extra compensation in petitioner's employment contract (also citing former N.J.A.C. 17:3-29). *Bishop v. Bd. of Trustees, Teachers' Pension and Annuity Fund*, 4 N.J.A.R. 179 (1980).

17:3-4.2 Leave with pay

If a member is granted a leave of absence during the course of a school year with sufficient salary to cover a full normal contribution, including any arrears or loan payments, the privilege of the member to obtain credit for such leave shall not extend beyond six months. If the leave with pay extends beyond six months, the member will receive credit and will be required to make contributions only if he is receiving 50 percent or more of his regular base or contractual salary.

Amended by R.1974 d.24, effective January 31, 1974.
See: 5 N.J.R. 426(d), 6 N.J.R. 124(a).

17:3-4.3 School year members

(a) Members whose salaries for a school year are considered as a full year's compensation shall be given service credit in the proportion that the time employed bears to the duration of the school year, but not more than one year's credit shall be given during any consecutive 12 months.

(b) If a member terminates a position that requires less than 12 months to constitute one full year of service at the end of the normal academic school year and accepts a 12 month position with the same employer or another employer that participates in the Teachers' Pension and Annuity Fund and begins employment on or before the date that was established by the previous year's contract position. Such member will receive service credit within the Teachers' Pension and Annuity Fund for the period between the end of the previous contract and the employment date of the new 12 month position.

17:3-5.5 Optional purchases of eligible service

(a) A shared-cost purchase is one in which the member pays only the employee's share and not the employer's share of the purchase. A member may purchase all or a portion of such eligible service. A shared-cost purchase shall be calculated on the basis of the actuarial purchase factor established for the member's age at the time of the purchase request times the higher of either the member's current annual base salary or highest fiscal year base salary. The following types of purchases are shared-cost purchases:

1. Former membership credit in a New Jersey State-administered retirement system;
2. Former service with any employer which was not certified for membership but which would have qualified on an optional or a compulsory basis at the time the service was rendered;
3. After August 6, 2001, continuous temporary or substitute service as a teacher immediately preceding enrollment;
4. Leaves of absence without pay:
 - i. The period of the leave for personal reasons which does not exceed 93 days. Childcare is considered leave for personal reasons;
 - ii. The period of the leave up to two years for personal illness. The Division may require proof that the illness existed for the length of the leave;
5. Eligible out-of-State public employment, or employment in schools within and outside the United States operated by a department of the United States Government for the instruction of the children of United States Government employees, up to a total purchase of 10 years. Pursuant to N.J.S.A. 18A:66-39(b) this service cannot be used to qualify for an ordinary disability retirement;
6. Service established under a local municipal or county retirement system within the State of New Jersey; and
7. Non-concurrent Public Employees' Retirement System service if a dual member of TPAF and PERS pursuant to P.L. 2001, c.6 (N.J.S.A. 18A:66-15.1). All or a portion of non-concurrent service in the PERS from an expired or withdrawn account may be purchased.

(b) The types of purchases indicated in (b)1 and 2 below are considered to be full-cost purchases. A member may purchase all, or a portion of, such eligible service. The lump sum purchase cost shall be calculated on the basis of the actuarial purchase factor established for the member's nearest age at the time of the purchase request times the higher of either the member's current annual base salary or highest fiscal year base salary. The computed lump sum purchase cost will then be doubled to establish the full cost to the member. This cost is calculated in this manner as N.J.S.A.

18A:66-13 provides that the employer shall not be liable for any costs of purchasing this service; therefore, the member must pay both the employee and employer share.

1. Active duty military service prior to enrollment. Military service before enrollment cannot be used to qualify for an ordinary disability retirement; and
2. Employment with the Federal government. Pursuant to N.J.S.A. 18A:66-39(b) U.S. Government service cannot be used to qualify for an ordinary disability retirement.

(c) A member shall be eligible to purchase an aggregate of up to 10 years of out-of-State public employment, military service and Federal employment provided that the member is neither receiving nor entitled to receive a retirement allowance for such service from any other public retirement system and provides proof to the Division of Pensions and Benefits that the member has withdrawn from such other system. A qualified veteran shall be eligible to purchase an additional five years of military service rendered during periods of war for an aggregate of 15 years of such service.

(d) Rules concerning the purchase and/or conversion of Class A credit include the following:

1. The cost of Class B service credit is based on the actuarial factors and such factors provide a retirement benefit which is $\frac{1}{6}$ greater than service credited as Class A. If Class A credit is purchased, the cost will be $\frac{1}{6}$ of the amount computed for a Class B purchase. The computation is based on the member's present salary or highest fiscal year base salary multiplied by the actuarial purchase factor for the member's age at the time of purchase with regular interest.
2. If a Class A member converts to Class B, the member will contribute an additional $\frac{1}{6}$ of the total contributions that would have been payable based on the member's full Class A contribution rate with regular interest.

As amended, R.1983 d.78, effective March 21, 1983.

See: 14 N.J.R. 1002(b), 15 N.J.R. 449(b).

Language added at (b), 1. re: State-administered retirement systems.

Amended by R.1987 d.47, effective January 20, 1987.

See: 18 N.J.R. 2120(a), 19 N.J.R. 244(a).

benefit raised from $\frac{1}{5}$ to $\frac{1}{6}$ greater.

Amended by R.1999 d.387, effective November 15, 1999.

See: 31 N.J.R. 2298(a), 31 N.J.R. 3741(a).

Rewrote the section.

Amended by R.2001 d.267, effective August 6, 2001.

See: 33 N.J.R. 1506(a), 33 N.J.R. 2677(b).

In (a)(1), inserted "New Jersey" preceding "State-administered"; rewrote (a)(3); in (a)(5), substituted "Pursuant to N.J.S.A. 18A:66-39(b) this" for "This"; added (a)7.

Case Notes

New Jersey makes no provision for purchase of additional credit for out-of-state employment periods during leaves of absence. Schuman v. Teachers' Pension and Annuity Fund, 97 N.J.A.R.2d (TYP) 17.

Rule provision stating that per diem teaching service is not creditable for pension purposes held invalid as inconsistent with statutory provision allowing credit to be purchased for such services (citing former N.J.A.C. 17:3-5.4). *Antonchak v. Bd. of Trustees, Teachers' Pension and Annuity Fund*, 3 N.J.A.R. 83 (1980).

17:3-5.6 Methods of payment

(a) Methods of payment include the following:

1. Lump sum;
2. Partial lump sum of \$250.00 or more; balance by extra payroll deductions;
3. Extra deductions equal to at least one-half of the full regular pension deduction for a maximum period of 10 years;
4. Extra payroll deductions will include regular interest for the term of the installment.

Amended by R.1991 d.444, effective August 19, 1991.

See: 23 N.J.R. 1073(a), 23 N.J.R. 2522(a).

In (a)3, deleted class A to B conversions, compulsory and temporary service purchases.

17:3-5.7 Military leave

Any active member purchasing credit for out-of-State service may include in the maximum 10 years' credit to be purchased, his leave of absence for military service, provided he received credit for such leave in the State or local public retirement system in which he was participating at the time he was in military service.

17:3-5.8 Service ineligible for purchase

Service rendered outside of the United States, with the exception of service rendered to a local school board in territories or possessions of the United States, Washington, DC and the Canal Zone, is not purchasable.

Amended by R.1999 d.387, effective November 15, 1999.

See: 31 N.J.R. 2298(a), 31 N.J.R. 3741(a).

Rewrote the section.

17:3-5.9 Lump-sum purchases

If a purchase is paid in a lump sum, the member shall receive full credit for the amount of service covered by the purchase upon receipt of the lump-sum payment. The service may be used for any purpose for which it is authorized under the Teachers' Pension and Annuity Fund Law (N.J.S.A. 18A:66-1 et seq.) and the rules of the retirement system.

New Rule, R.1989 d.360, effective July 17, 1989.

See: 21 N.J.R. 980(b), 21 N.J.R. 2055(b).

Provision of immediate credit for service purchased by a lump-sum payment.

SUBCHAPTER 6. RETIREMENT

17:3-6.1 Applications

(a) Applications for retirement must be made on forms required by the Fund. Such forms must be completed in all respects and filed with the Division of Pensions and Benefits (Division) on or before the requested date of retirement. A member's retirement application becomes effective on the first of the month following receipt of the application unless a future date is requested. Members enrolled at multiple TPAF locations must retire from employment in all covered positions before a retirement shall become effective.

(b) In the event a member files an incomplete application, the deficiencies shall be brought to the member's attention and the member shall be required to file a completed application with the Division to enable processing.

(c) Before an application for retirement may be processed, the Division must receive proof of the member's age, if none is already in the member's record, proof of the beneficiary's age, if the member elected Option 2, 3, or 4, and a completed Certification of Service and Final Salary form from the employer setting forth the employment termination date, and the salaries reported for contributions in the member's final year of employment.

(d) In addition to the foregoing requirements, a member's application for disability retirement must be supported by at least two medical reports, one by the member's personal or attending physician and the other either hospital records supporting the disability or a report from a second physician.

(e) Retired members, who return to public employment, shall have their previous retirement allowances cancelled and be reenrolled in the Fund pursuant to N.J.S.A. 18A:66-40 for those who retired on disability retirements or N.J.S.A. 18A:66-53.2 for those who retired on early, service, veteran or deferred retirements. A member who ceases covered employment and retires again must file a new retirement application with the Division in accordance with (a) through (d) above in order to initiate payment of the retirement allowance. The previous retirement allowance shall then be reinstated, and the new retirement allowance, based upon the member's subsequent covered employment, shall commence. The previous and subsequent retirement allowances shall then be combined and paid in one monthly benefit check. The retirement allowance shall become effective on the first of the month following receipt of the application unless a future date is requested.

Amended by R.1973 d.49, effective February 14, 1973.

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

Amended by R.1987 d.10, effective January 5, 1987.

See: 18 N.J.R. 1519(b), 19 N.J.R. 140(b).

Substantially amended.

Amended by R.2001 d.147, effective May 7, 2001.

See: 33 N.J.R. 637(a), 33 N.J.R. 1398(b).

Rewrote the section.

Case Notes

Petition for acceptance of retirement application, filed more than 30 days after retirement date, denied; after notification by Board that disability retirement application was denied and advising petitioner to file for service retirement, which she did not do for three months, petitioner held not entitled to retroactively effectuate retirement application to her actual retirement date (citing former rule). *Sobel v. Bd. of Trustees, Teachers' Pension and Annuity Fund*, 139 N.J.Super. 55, 352 A.2d 585 (App.Div.1976).

Estoppel did not entitle teacher to retroactive retirement date. *Berk v. Teachers' Pension and Annuity Fund*, 93 N.J.A.R.2d (TYP) 348.

Board of Trustees not equitably estopped from correcting erroneous retirement allowance; detrimental reliance not established. *Sgombick v. Board of Trustees, Teachers' Pension and Annuity Fund*, 92 N.J.A.R.2d (TYP) 107.

Reformation of retirement application denied based upon decedent retiree's only partial completion of option change application prior to his death. *Ward v. Bd. of Trustees, Teachers' Pension and Annuity Fund*, 8 N.J.A.R. 60 (1984), affirmed per curiam Docket No. A-4795-83T7 (App.Div.1985).

17:3-6.2 Effective date; changes

(a) A member shall have the right to withdraw, cancel or change an application for retirement at any time before his retirement allowance becomes due and payable; thereafter the retirement shall stand as approved by the Board.

(b) Except in the event of deferred retirement, if a member requests a change in his retirement application before his retirement allowance becomes due and payable, said change will require approval of the Board and the revised retirement allowance shall not become due and payable until 30 days have elapsed following the effective date or the date the Board met and approved the change in the member's retirement application, whichever is later.

(c) If the applicant should die within 30 days following the date the Board of Trustees approved the revised application, the member shall be considered to be retired on the basis of the originally approved application for retirement, provided that the initial 30-day requirement was satisfied.

(d) A deferred retirement shall become effective on the first of the month following the member's 60th birthday.

(e) In the case of deferred retirement, if an applicant desires to amend his retirement application, the amended application must be filed with the Fund a minimum of one month prior to his effective date of retirement.

(f) Should the member continue to receive a salary beyond the effective date of retirement after approval of the retirement by the Board of Trustees, no retirement benefits shall be paid for the period where the member received salary and no salary or service credit shall be provided for the service rendered after the approved, effective date of retirement.

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).

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.1983 d.78, effective March 21, 1983.

See: 14 N.J.R. 1202(b), 15 N.J.R. 449(b).

Subsection (f), added.

Case Notes

Denial of retiree's request to convert ordinary plan to early service retirement was not arbitrary or capricious. *Steinmann v. State, Dept. of Treasury, Div. of Pensions, Teachers' Pension and Annuity Fund*, 235 N.J.Super. 356, 562 A.2d 799 (A.D.1988) reversed 116 N.J. 564, 562 A.2d 791.