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April 23, 2008

**TO:** Certifying Officers of the Public Employees' Retirement System (PERS)

**FROM:** John D. Megariotis,   
Deputy Director, Finance

**SUBJECT: Member Contribution Rate Change under Chapter 103, P.L. 2007**

Under Chapter 103, P.L. 2007, employee pension contribution rates were increased from 5% to 5.5% of salary for members of the Public Employees' Retirement System (PERS) and Teachers' Pension and Annuity Fund (TPAF).

The increase in the contribution rate was designed to be implemented in two phases. This letter is being sent as a reminder to employers that **the second phase of increases is due to take effect as of July 2008.**

#### EFFECTED EMPLOYEE GROUPS

The first phase of contribution increases became effective in July 2007 for *most* State employees and *most* State and Local educational employees\*.

**The second phase** is now due to take effect and applies to:

- Employees of the Judicial Branch of State government;
- Employees of the University of Medicine and Dentistry of New Jersey (UMDNJ); and
- Employees of Counties, Municipalities, and other local employers not included in phase one.

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\*The first phase of contribution increases applied to State employees (except Judicial Branch); employees of an independent State authority, board, commission, corporation, agency, or organization; employees of a board or commission under the authority of the Commissioner of Education or of the State Board of Education; employees of a State public institution of higher education (except employees of the University of Medicine and Dentistry of New Jersey - UMDNJ); and teachers and other employees of a local school district, regional school district, county vocational school district, county special services school district, jointure commission, educational services commission, State-operated school district, charter school, or county college.

### IMPLEMENTATION SCHEDULE

- For State Judicial Branch employees paid through the State Centralized Payroll Unit who are enrolled in the PERS, the increase is effective as of Pay Period #15 beginning July 5, 2008 for the July 25, 2008 check date.
- For PERS employees of the University of Medicine and Dentistry of New Jersey (UMDNJ), the increase is effective with UMDNJ's Pay Period #14 of 2008.
- For all other PERS employees of these employer groups, the increase is effective July 1, 2008.

Local and State Monthly employers should coordinate with their payroll administrators and/or any contracted payroll processing agencies to assure that the second phase of contribution rate increases are effective for salary reporting *after* June 30, 2008.

***Please also note*** that the increase in the member contribution rate will also increase the minimum repayment amount for any pension loans or the purchase cost for service credit if certified *after* the member's effective date of change.

### ADDITIONAL INFORMATION

If you have specific questions regarding any of the information contained in this letter, contact the Division's Office of Client Services at (609) 292-7524, or e-mail the Division at: [pensions.nj@treas.state.nj.us](mailto:pensions.nj@treas.state.nj.us)