

June, 2009

TO: Certifying Officer – Teachers' Pension and Annuity Fund,
Public Employees' Retirement System &
Police and Firemen's Retirement System

FROM: John D. Megariotis
Deputy Director, Finance

SUBJECT: Report of Contributions, 2nd Quarter 2009 (April 1st to June 30th)

This memorandum has pertinent information concerning the completion of your Report of Contributions (ROC). Please read this memorandum before you make any changes to the ROC.

Should you have any questions or need assistance in completing the Report, please refer to www.state.nj.us/treasury/pensions/epbam/finance/roc.htm

>> Reminder << Reporting of Retroactive Salary Increases

As a result of the implementation of Chapter 103, PL 2007, and the establishment of maximum compensation limits for certain members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF), the Division of Pension and Benefits has determined that retroactive salary increases can no longer be reported through the Internet-based Report of Contributions (IROC) if they affect reporting periods prior to the current reporting quarter.

UPDATE- REPORTING OF RETROACTIVE SALARY PROCEDURES

The current procedures in place to allow employers to report retroactive salary increases are as follows:

Once the new contract is received by the Division of Pension and Benefits and reviewed, a spreadsheet will be sent to the employer. This spreadsheet will contain all data submitted for each member for the period of the retroactive salary adjustment. The employer must then supply the new base salary for each quarter affected for members receiving a retroactive salary adjustment. The total additional pension and contributory insurance contribution due will appear at the top of the spreadsheet page. Please submit a check for the necessary contributions, payable to the retirement system, and return the spreadsheet via e-mail to the sending party at the Division of Pensions and Benefits.

Addition to IROC

Due to the implementation of Chapter 103, PL 2007, and Chapter 89, PL 2008, a new column has been added to the IROC to identify any members affected by these laws. The column heading will be "TIER", Ch. 103, PL 2007, members will be identified as Tier 2 and Ch. 89, PL 2008, members will be identified as Tier 3. A letter from the Division dated December 5, 2008 defined what each TIER means, assisting you to properly prepare the IROC.

Treatment of Retirees Returning to Employment

The Division is becoming increasingly aware of public employees returning to employment under circumstances that would make these individuals ineligible for continuing the receipt of their retirement benefit. We want to take this opportunity to review the employer's responsibilities when making offers of employment to retirees from any of the State's retirement systems.

Retirees may not return to any State or Local government level public employment unless the retiree has at least a 30-day break in service after his or her retirement date or the date the retirement is approved by the respective Board of Trustees, whichever is the later. If you should employ a retiree prior to the end of this 30-day period, you must advise the retiree that his or her retirement may be considered invalid and notify the Division immediately of the re-employment. If after review by the Division it is determined the retirement is invalid, the retiree's retirement system account will be reactivated and the retiree notified. Employers should ask the retiree to see the retiree's Board Approval Letter, which is sent to all new retirees, to determine the individual's board approval date.

If a retiree is re-employed subsequent to the 30-day break in service in a public position covered by the same retirement system from which he or she retired, the retiree will be subject to earnings limits. If the annual salary from public employment (or any combination of public employers) exceeds the limit, the retiree will be required to suspend his or her pension and re-enroll in the retirement system. If you should employ a retiree and his or her salary exceeds the annual limit, you must advise the retiree that his or her retirement may need to be suspended and notify the Division immediately for a review.

We request that employers notify the Division in writing when there is a question concerning a re-employed retiree and his or her eligibility for continued retirement benefits. Documentation provided by the employer should include the retiree's name, employment title (both current and former, if known), current job description and place of employment (both current and former, if known). This information should be mailed to:

NJ Division of Pensions & Benefits
Attn: Enrollment Bureau
PO Box 295
Trenton, NJ 08625-0295

For additional information, please refer to Fact Sheet #21 - Employment After Retirement (Public Employees' Retirement System), Fact Sheet #28 - Employment After Retirement (Teachers' Pension and Annuity Fund) and Fact Sheet #29 - Employment After Retirement (Police and Firemen's Retirement System).

PERS and TPAF Maximum Compensation

Chapter 103, P.L. of 2007, provides that new members of PERS and TPAF are subject to a maximum compensation limit for PERS or TPAF pension contributions and benefits. The maximum compensation is based on the annual maximum wage for Social Security.

Note: The PERS and TPAF maximum compensation limit does not apply to employees who were already members of the PERS or TPAF prior to July 1, 2007.

For calendar year 2009, the annual maximum wage for Social Security is \$106,800 and is subject to change at the start of each calendar year. Therefore, a new employee enrolled in the PERS or TPAF on or after July 1, 2007 who earns in excess of \$106,800 before the end of 2009 will have his or her TPAF or PERS base salary capped – limiting the amount used to calculate benefits and contributions to TPAF or PERS for pension or contributory insurance. These individuals with earnings over the Social Security maximum wage base are also eligible for benefits under the Defined Contribution Retirement Program (DCRP). **Note: Until reporting procedures are developed for PERS and TPAF members' who exceed the social security maximum of \$106,800 for 2009, continue to report the pension and contributory insurance for the excess salary as you did in the past. The Division will forward the pension contributions to the DCRP carrier. Excess contributory insurance payments will be refunded to the employee.**

Pension benefits may be available to these individuals for base salary paid in excess of the annual compensation limit under the newly created DCRP. DCRP plan materials, enrollment forms, and other program information are being developed and will be provided under a separate mailing.

Deadline for Filing the Report of Contributions

Due to the overwhelming popularity of the I-ROC program and the time saved in preparing the report of contributions, the Division is updating member accounts as early as four weeks following the close of the calendar quarter. **All reports are due by July 10, 2009. Should your report not be received by the close of business on July 25, 2009, interest penalties will begin to accrue and reports received after this date may not be used to update member accounts.**

Delays in receiving reports affect the timeliness of the Division providing services to ALL pension plan members, not just your employees and retirees. Unfortunately, we continue to experience delays associated with employer late reporting. This policy, of strict adherence to the established reporting deadline, will alleviate that problem.

When you receive your quarterly ROC, you should review it immediately. If you think you will have a problem in meeting the filing deadline, or if there is anything you do not understand, contact the Audit/Billing Section at (609) 292-3630. Normally, reporting inquiries can be resolved with a telephone call. If other arrangements need to be made to assist you in the completion of your ROC, the sooner you communicate that fact to the Division the better for everyone involved.

TEPS - Transmittal Electronic Payment System

Please note that the only payments that should be submitted through TEPS are for monthly transmittal and annual appropriation payments. **Employee shortages are not to be submitted through TEPS, and payment should be made to the address on the shortage statement only.**

The fax number and address that you use to submit the Employer Authorization Forms to the Division of Pensions and Benefits is (866) 568-2495 or it may be mailed to State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 9581, Trenton, NJ 08650-9581.