



State of New Jersey  
DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
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[www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)

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December 2008

**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, 4<sup>th</sup> Quarter 2008 (October 1<sup>st</sup> to December 31<sup>st</sup>)

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 <http://www.state.nj.us/treasury/pensions/epbam/finance/roc.htm>

**>>NEW - 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.

**>>NEW - IROC PREPARATION TIP**

Please be advised that when preparing the IROC, the projected salary for next quarter does not need to be used unless the member's base salary is changing. If next quarter's salary will be the same as the current salary, no entry is necessary. This will save you time and aid you in submitting the report in a timely manner.

**Reminder for Employers – 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).

### **NEW LEGISLATION ALERT - 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 2008, the annual maximum wage for Social Security is \$102,000** 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 \$102,000 before the end of 2008 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 \$102,000 for 2008, 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 January 10, 2009. Should your report not be received by the close of business on January 24, 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.

#### **Procedure Change Reminder – Reports of Salary Change**

The Division of Pension and Benefits is no longer providing to you reports of salary change. Now that the majority of employers are reporting through the I-ROC, we recommend that you use the "Projected Salary" field on the Member Update screen to submit these changes for the next calendar quarter. Should you need an alternative approach for reporting salary changes, please call (609) 292-3630 and speak with a representative. **This request should be made no later than February 1, 2009 to allow for processing time.**

#### **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.

### **Retirement Plan Limits for 2009**

The IRS has announced the cost-of-living adjustments (COLAs) for retirement plans. Many of the limits applicable to pension, and other retirement plans, increase for 2009.

The following plan limits are increased for inflation effective January 1, 2009:

- *Annual compensation limit.* The maximum amount of annual compensation that can be taken into account for the purpose of determining benefits and contributions under Code Sec. 401(a)(17) is increased from \$230,000 to \$245,000. Retirement plans administered by the Division of Pensions and Benefits affected by this change include the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), the Supplemental Annuity Collective Trust (SACT), the Alternate Benefit Program (ABP), the Additional Contributions Tax-Sheltered (ACTS) program, the Deferred Compensation Retirement Program (DCRP) and the New Jersey State Employees Deferred Compensation Plan.
- *Chapter 113, P.L. 1997.* N.J.S.A. 43:3C-9.3 & 43:3C-9.4 permits higher annual compensation limits for members of TPAF, PERS, PFRS and ABP enrolled prior to July 1, 1996, if, prior to July 1, 1997, the employer certified to the Division Director that the employer will pay the additional cost for not applying the lower Code Sec. 401(a)(17) *Annual Compensation Limit* to these members. If you are such an employer, you may report pensionable salary in excess of the Code Sec. 401(a)(17) limits mentioned earlier for those employees in the affected class up to the higher limit permitted for members of TPAF, PERS, PFRS and ABP enrolled prior to July 1, 1996, under the provisions of Chapter 113, P.L. 1997, which increases from \$345,000 to \$360,000 for 2009.
- *Defined contribution plans.* The limitation on the annual additions to a participant's defined contribution account under Code Sec. 415(c)(1)(A) is increased from the lesser of \$46,000 or 100% of the participant's compensation to the lesser of \$49,000 or 100% of the participant's compensation. Annual additions are the sum for any year of all employer and employee contributions to the defined contribution plan. For purposes of applying the limitations all defined contribution plans of an employer are to be treated as one defined contribution plan. Defined contribution plans include an employee annuity plan described in and an annuity contract described in section 403(b). Defined contribution plans administered by the Division of Pensions and Benefits affected by this change include the SACT, DCRP, ABP and ACTS programs and the New Jersey State Employees Deferred Compensation Plan.

- *Elective deferrals.* The limitation under Code Sec. 402(g)(1) on the exclusion for elective deferrals described in Code Sec. 402(g)(3) is increased from the lesser of \$15,500 or 100% of the participant's compensation to the lesser of \$16,500 or 100% of the participant's compensation. Defined contribution plans administered by the Division of Pensions and Benefits affected by this change include the SACT, DCRP, ABP and ACTS programs.
- *Deferred compensation plans.* The limit on deferrals under Code Sec. 457(e)(15) concerning deferred compensation plans of state and local governments and tax-exempt organizations is increased from the lesser of \$15,500 or 100% of the participant's compensation to the lesser of \$16,500 or 100% of the participant's compensation. The deferred compensation plan administered by the Division of Pensions and Benefits affected by this change is the New Jersey State Employees Deferred Compensation Plan and is available to Employees of the State and other State chartered commissions, authorities and boards. Other governmental employers in the State may offer similar, self-administered programs.
- *Catch-up contributions.* The dollar limit under Code Sec. 414(v)(2)(B)(i) for catch-up contributions to an applicable employer plan other than a plan described in Code Sec. 401(k)(11) or Code Sec. 408(p) for individuals aged 50 or over is increased from \$5,000 to \$5,500. Defined contribution plans administered by the Division of Pensions and Benefits affected by this change include the SACT, ABP and ACTS programs.

Lower compensation limits are in place for TPAF and PERS Tier 2 and Tier 3 members enrolled on or after July 1, 2007. These members' annual base salary is limited and may not exceed the amount of the Social Security Taxable Wage Base. The Social Security Taxable Wage Base and the compensation limit for TPAF and PERS Tier 2 and Tier 3 members will be increasing from \$102,000 for 2008 to \$106,800 for 2009. Please refer to Ch. 103, P.L. 2007 for details.