



MIKIE SHERRILL
Governor

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
(609) 292-7524/TRS 711 (609) 292-6683
www.nj.gov/treasury/pensions

Mailing Address:
P.O. Box 295
Trenton, NJ 08625-0295
Location:
50 West State Street
Trenton, New Jersey

AARON BINDER
State Treasurer

DAVID RIDOLFINO
Acting Director

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TO: Certifying Officers – State Biweekly and State Monthly locations
FROM: New Jersey Division of Pensions & Benefits (NJDPB)
SUBJECT: Retirement Incentive Programs – Statutory Authorization

The New Jersey Division of Pensions & Benefits (NJDPB) would like to remind employers that retirement incentive programs must be authorized in accordance with applicable New Jersey statutes. Employers may not independently establish or offer retirement incentive agreements that provide any incentive for a member to retire, including but not limited to enhanced pension benefits, additional service credit, altered retirement eligibility, or other pension/health benefit-related benefits unless by specific statutory authority. **ANY SEPARATION INCENTIVE, INCLUDING ONE THAT DOES NOT SPECIFICALLY ENHANCE A RETIREMENT BENEFIT, COULD BE AN EARLY RETIREMENT INCENTIVE.**

Agreements between employers and employees cannot create eligibility for an enhanced retirement benefit, nor does it authorize the NJDPB to administer a benefit that is not provided for under law. Currently, there are two laws in force that authorize local governmental employers to offer retirement incentive programs; P.L. 1999, c. 59 (Chapter 59) and P.L. 2000, c. 126 (Chapter 126). There are no laws in effect that authorize any retirement incentive programs for State employees or employees of State colleges and universities, although State laws have been enacted in the past that have permitted either general or restrictive retirement incentive programs which specifically identified the cost of the incentive program and included provisions for employers to bear those costs and were constrained to a limited window or timeframe.

Employers considering a retirement incentive program should consult with appropriate legal counsel and the NJDPB before making any enhanced retirement benefit available to its employees. The NJDPB cannot administer an incentive that lacks statutory authorization. Please refer to the *Retirement Incentive Programs* Fact Sheet attached for further information.

IN ALL CASES, THE EMPLOYER OFFERING AN EARLY RETIREMENT INCENTIVE WILL BE RESPONSIBLE FOR THE COSTS TO THE STATE PENSION AND HEALTH BENEFITS SYSTEMS AND WILL BE BILLED FOR THESE COSTS

Enclosure: *Retirement Incentive Programs* Fact Sheet