

[Second Reprint]

ASSEMBLY, No. 1675

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

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SYNOPSIS

Extends membership in TPAF to 10 years after discontinuance of service and to 15 years for those who were laid off or had 10 or more years of continuous service upon voluntary termination.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on March 17, 2025, with amendments.

(Sponsorship Updated As Of: 6/30/2025)

1 AN ACT concerning the return to service of members of the
2 Teachers' Pension and Annuity Fund, amending various parts of
3 the statutory law and supplementing chapter 66 of Title 18A of
4 the New Jersey Statutes.

5
6 BE IT ENACTED by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. N.J.S.18A:66-7 is amended to read as follows:
10 18A:66-7. Membership of any person shall cease:

11 (a) if, except as provided in N.J.S.18A:66-8, he shall
12 discontinue his service for more than **[two]** ¹~~seven~~ ¹⁰¹
13 consecutive years;

14 (b) upon the withdrawal by a member of his accumulated
15 deductions as provided in this article;

16 (c) upon resignation and election to receive, in lieu of the return
17 of his accumulated deductions, the benefits provided in
18 N.J.S.18A:66-36 and N.J.S.18A:66-37;

19 (d) upon retirement;

20 (e) at death;

21 but not otherwise except as provided in this article.

22 The pension fund shall send written notice in care of the last
23 employer of a member at least 60 days in advance of the date on
24 which his inactive membership shall expire as provided in
25 subsection (a) of this section.

26 (cf: P.L.1967, c.271, s.1)

27
28 2. N.J.S.18A:66-8 is amended to read as follows:

29 18A:66-8. a. If a teacher:

30 (1) is dismissed by an employer by reason of reduction in
31 number of teachers employed in the school district, institution or
32 department when in the judgment of the employer it is advisable to
33 abolish any office, position or employment for reasons of a
34 reduction in the number of pupils, economy, a change in the
35 administrative or supervisory organization or other good cause; or
36 becomes unemployed by reason of the creation of a regional school
37 district or a consolidated school district; or has been discontinued
38 from service without personal fault or through leave of absence
39 granted by an employer or permitted by any law of this State; or
40 meets the eligibility requirements of N.J.S.18A:66-36; and

41 (2) has not withdrawn the accumulated member's contributions
42 from the retirement system, the teacher's membership may continue,
43 notwithstanding any provisions of this article, if the member returns
44 to service within a period of **[10]** ¹~~25~~ ¹⁵¹ years from the date of

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted June 24, 2024.

²Senate SBA committee amendments adopted March 17, 2025.

1 discontinuance from service ², provided, however, that this
2 paragraph shall be administered consistent with rules governing
3 minimum required distributions from a qualified retirement plan, as
4 those terms are defined pursuant to section 4974 of the federal
5 Internal Revenue Code of 1986, 26 U.S.C. s. 4974².

6 No credit for retirement purposes shall be allowed to the member
7 covering the period of discontinuance, except as provided in this
8 section. In computing the service or in computing final
9 compensation, no time after September 1, 1919, during which a
10 member shall have been employed as a teacher at an annual salary
11 or remuneration, or a number of hours of work, fixed at less than
12 that which is required for membership pursuant to N.J.S.18A:66-4
13 as applicable to the member shall be credited. In computing the
14 service or in computing final compensation, no time after the
15 effective date of P.L.2010, c.1, during which a member shall have
16 been employed as a teacher for fewer than 32 hours per week shall
17 be credited, unless the member shall have been a member since that
18 effective date continuously. In the case of a veteran member credit
19 shall be given for service rendered prior to January 1, 1955, in an
20 employment, office or position if the annual salary or remuneration
21 therefor was fixed at not less than \$300.00 and the service consisted
22 of the performance of the full duties of the employment, office or
23 position.

24 b. A teacher may purchase credit for time during which the
25 teacher shall have been absent on an official leave without pay. The
26 credit shall be purchased for a period of time equal to:

27 (1) three months or the duration of the leave, whichever is less;

28 or

29 (2) if the leave was due to the member's personal illness, two
30 years or the duration of the leave, whichever is less; or

31 (3) the period of leave that is specifically allowed for retirement
32 purposes by the provisions of any law of this State.

33 The purchase shall be made in the same manner and be subject to
34 the same terms and conditions provided for the purchase of previous
35 membership service by N.J.S.18A:66-9.

36 (cf: P.L.2010, c.1, s.2)

37
38 3. N.J.S. 18A:66-15 is amended to read as follows:

39 18A:66-15. In computing for retirement or for purposes of
40 resignation or separation from service under N.J.S.18A:66-36 and
41 N.J.S.18A:66-37 the total service of a member about to be retired,
42 the retirement system shall credit him with all service rendered by
43 him since he last became a member and in addition, with all the
44 service to which he is entitled and with no other service. Except as
45 otherwise provided in this article, such service credit shall be final
46 and conclusive for retirement purposes, or for purposes of
47 resignation under N.J.S.18A:66-36 and N.J.S.18A:66-37, unless the
48 member shall discontinue his service for more than **[two]** ¹**[seven]**

1 10¹ consecutive years. In the case of a member for whom
2 compensation is defined in paragraph (2) of subsection d. of
3 N.J.S.18A:66-2, the retirement system shall credit the member with
4 the time of all service rendered by the member during the part of
5 any year that the member was a participant of the Defined
6 Contribution Retirement Program, pursuant to paragraph (5) of
7 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
8 amended by section 12 of P.L.2007, c.103, and making
9 contributions to that program.

10 For the purpose of computing service for retirement purposes,
11 the board of trustees shall fix and determine by appropriate rules
12 and regulations how much service in any year shall equal a year of
13 service and part of a year of service. Not more than one year shall
14 be credited for all service in a calendar year.
15 (cf: P.L.2007, c.103, s.17)

16

17 4. N.J.S.18A:66-36 is amended to read as follows:

18 18A:66-36. Should a member of the Teachers' Pension and
19 Annuity Fund, after having completed 10 years of service, be
20 separated voluntarily or involuntarily from the service, before
21 reaching service retirement age, and not by removal for conduct
22 unbecoming a teacher or other just cause under the provisions of
23 N.J.S.18A:28-4 to N.J.S.18A:28-5 and N.J.S.18A:28-9 to
24 N.J.S.18A:28-13 inclusive, such person may elect to receive, in lieu
25 of the payment provided in N.J.S.18A:66-34:

26 a. The payments provided for in N.J.S.18A:66-37, if he so
27 qualified under said section; or

28 b. A deferred retirement allowance beginning at age 60, or for
29 a person who becomes a member of the retirement system on or
30 after the effective date of P.L.2008, c.89 beginning at age 62, which
31 shall be made up of an annuity derived from the member's
32 accumulated deductions at the time of his severance from the
33 service, and a pension in the amount which, when added to the
34 member's annuity, will provide a total retirement allowance of 1/64
35 of final compensation for each year of service credited as Class A
36 service and 1/55 of final compensation for each year of service
37 credited as class B service, or for a person who becomes a member
38 of the retirement system on or after the effective date of P.L.2010,
39 c.1 1/60 of final compensation for each year of service credited as
40 class B service, calculated in accordance with N.J.S.18A:66-44,
41 with optional privileges provided for in N.J.S.18A:66-47 if he
42 exercises such optional privilege at least 30 days before his
43 attainment of the normal retirement age; provided, that such
44 election is communicated by such member to the retirement system
45 in writing stating at what time subsequent to the execution and
46 filing thereof he desires to be retired; and provided, further, that
47 such member may later elect: (1) to receive the payments provided
48 for in N.J.S.18A:66-37, if he had qualified under that section at the

1 time of leaving service, except that in order to avail himself of the
2 optional privileges pursuant to N.J.S.18A:66-47, he must exercise
3 such optional privilege at least 30 days before the effective date of
4 his retirement; or (2) to withdraw his accumulated deductions with
5 interest as provided in N.J.S.18A:66-34. If such member shall die
6 before attaining service retirement age, then his accumulated
7 deductions, plus regular interest after January 1, 1956, shall be paid
8 in accordance with N.J.S.18A:66-38, and, in addition if such
9 member shall die after attaining service retirement age and has not
10 withdrawn his accumulated deductions, an amount equal to 3/16 of
11 the compensation upon which contributions by the member to the
12 annuity savings fund were based in the last year of creditable
13 service shall be paid to such member's beneficiary.

14 Any member who, having elected to receive a deferred
15 retirement allowance, again becomes an employee covered by the
16 retirement system while under the age of 60 or, if that person
17 became a member of the retirement system on or after the effective
18 date of P.L.2008, c.89, while under the age of 62, shall thereupon
19 be reenrolled. If he had discontinued his service for more than
20 **[two]** ¹**[seven]** ¹⁰ consecutive years, subsequent contributions
21 shall be at a rate applicable to the age resulting from the subtraction
22 of his years of creditable service at the time of his last
23 discontinuance of contributing membership from his age at the time
24 of his return to service. He shall be credited with all service as a
25 member standing to his credit at the time of his election to receive a
26 deferred retirement allowance.

27 (cf: P.L.2010, c.1, s.8)

28

29 5. Section 7 of P.L.1969, c.242 (C.18A:66-173) is amended to
30 read as follows:

31 7. (a) When a member of the Teachers' Pension and Annuity
32 Fund or the Public Employees' Retirement System or the Police and
33 Firemen's Retirement System elects to transfer to an alternate
34 benefit program by filing the proper application form declaring his
35 election to participate in such alternate benefit program, the
36 respective retirement system shall transfer the amount of his
37 accumulated deductions as of the date of transfer to his individual
38 account in the program.

39 (b) There shall also be transferred from the contingent reserve
40 fund or the pension fund of the Teachers' Pension and Annuity Fund
41 or the Public Employees' Retirement System or the Police and
42 Firemen's Retirement System or from the Group Annuity Plan to the
43 individual's account in the alternate benefit program, the pension
44 reserve required as of the date of his transfer to provide a pension
45 for each year of service credited to the account of the member as set
46 forth in N.J.S.18A:66-36 or N.J.S.18A:66-44 or as set forth in
47 section 38 or section 48 of P.L.1954, c.84 as such sections have
48 been amended and supplemented as of July 1, 1969 (C.43:15A-38,

1 C.43:15A-48) or as set forth in section 17 of P.L.1964, c.241
2 (C.43:16A-11.2) or section 5 of P.L.1944, c.255 (C.43:16A-5) or
3 for each year of service credited under the Group Annuity Plan.
4 Such transfer from the contingent reserve fund or the pension fund
5 of the Teachers' Pension and Annuity Fund or the Public
6 Employees' Retirement System or the Police and Firemen's
7 Retirement System or the Group Annuity Plan shall be made at the
8 time of the member's transfer to the alternate benefit program in the
9 case of any such member who has then met the eligibility
10 requirements for a pension under the aforementioned N.J.S.18A:66-
11 36, or N.J.S.18A:66-44, or section 38 or section 48 of P.L.1954,
12 c.84 (C.43:15A-38, C.43:15A-48) or section 17 of P.L.1964, c.241
13 (C.43:16A-11.2) or section 5 of P.L.1944, c.255 (C.43:16A-5) or
14 the Group Annuity Plan. In the case of any member who elects to
15 participate in the alternate benefit program who has not then met
16 the eligibility requirements for a pension under N.J.S.18A:66-36 or
17 N.J.S.18A:66-44, or under section 38 or section 48 of P.L.1954,
18 c.84 (C.43:15A-38, C.43:15A-48) or section 17 of P.L.1964, c.241
19 (C.43:16A-11.2) or section 5 of P.L.1944, c.255 (C.43:16A-5) or
20 under the Group Annuity Plan, the transfer from the contingent
21 reserve fund or the pension fund of the and Annuity Fund or the
22 Public Employees' Retirement System or the Police and Firemen's
23 Retirement System or the Group Annuity Plan shall be effected at
24 the time such requirements have been met, taking into account for
25 the purpose of such eligibility requirement his years of membership
26 service at the time of his election and his subsequent years of
27 service as a full-time member of the faculty of Rutgers, The State
28 University, the New Jersey Institute of Technology, Rowan
29 University, Montclair State University, Kean University, or the
30 State or county colleges or as an eligible employee of the
31 Department of Higher Education, or at the time he shall have 10
32 years of credit for New Jersey service and becomes physically
33 incapacitated for the performance of duty if he had been a member
34 of the Teachers' Pension and Annuity Fund or the Public
35 Employees' Retirement System or the Police and Firemen's
36 Retirement System as of the date of transfer.

37 The annuity to be used in determining the amount of pension is
38 the actuarial equivalent of the member's accumulated deductions
39 transferred from the Teachers' Pension and Annuity Fund or the
40 Public Employees' Retirement System or the Police and Firemen's
41 Retirement System to the date the member attains 60 years of age, if
42 subsequent to the date of election. The amount of pension is that
43 established by formula within N.J.S.18A:66-44 or section 48 of
44 P.L.1954, c.84 as such sections have been amended and
45 supplemented as of July 1, 1969 (C.43:15A-48) or section 5 of
46 P.L.1944, c.255 (C.43:16A-5) or under the Group Annuity Plan, and
47 changes to N.J.S.18A:66-44 or section 48 of P.L.1954, c.84
48 (C.43:15A-48) or section 5 of P.L.1944, c.255 (C.43:16A-5)

1 enacted subsequent to this act or the Group Annuity Plan shall have
2 no application to the provisions of this act.

3 In the event that the eligibility requirement under N.J.S.18A:66-
4 36 or under section 38 of P.L.1954, c.84 (C.43:15A-38) or section
5 17 of P.L.1964, c.241 (C.43:16A-11.2) or under the Group Annuity
6 Plan is changed at some future date to permit members to become
7 eligible for such benefit prior to the completion of 15 years of
8 service, the transfer of the reserve from the contingent reserve fund
9 or the pension fund of the Teachers' Pension and Annuity Fund or
10 the Public Employees' Retirement System or the Police and
11 Firemen's Retirement System or from the Group Annuity Plan shall
12 be effective as of the date the member who had elected the alternate
13 benefit program meets the amended eligibility requirement or the
14 effective date of the amendment, whichever is later.

15 In the event an option is available with respect to the distribution
16 of employee and employer contributions between fixed and variable
17 annuities under the alternate benefit program, the employee shall
18 have the right to determine the percentage distribution of these
19 funds subject to any limitations imposed by the designated insurer
20 or insurers.

21 (c) No transfer of pension reserves shall be made pursuant to
22 this section where more than **[two]** ¹~~**[seven]**~~ 10¹ consecutive years
23 elapse in which no employer contributions to an alternate benefit
24 program are required.

25 (cf: P.L.2021, c.282, s.53)
26

27 6. (New section) a. A person who returns to service with an
28 employer within the time period set forth in N.J.S.18A:66-7 or
29 N.J.S.18A:66-8 shall be eligible for enrollment in the fund based on
30 the eligibility requirements for enrollment set forth in
31 N.J.S.18A:66-4 for the member's tier at the time of the member's
32 termination of service prior to the return.

33 b. A person who returned to service with an employer prior to
34 the effective date of P.L. , c. (pending before the Legislature as
35 this bill) within the time period set forth in N.J.S.18A:66-7, as
36 amended, or N.J.S.18A:66-8, as amended, shall be enrolled in the
37 fund in accordance with subsection a. of this section by the Division
38 of Pensions and Benefits and shall be placed in the member's tier at
39 the time of the member's termination of service prior to the return.

40 There shall be no additional contributions imposed on the
41 member or the member's employer.

42 The division shall make such adjustments and transfers as shall
43 be necessary to ensure the enrollment of the member in the fund and
44 placement in the same tier pursuant to this subsection.
45

46 7. This act shall take effect immediately.