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**SENATE, No. 2718**

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**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

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INTRODUCED NOVEMBER 26, 2001

**Sponsored by:**

**Senator JOSEPH A. PALAIA**

**District 11 (Monmouth)**

**SYNOPSIS**

Exempts from reenrollment TPAF retirees employed in State and local certificated administrative positions and PERS retirees employed in DOE positions of critical need.

**CURRENT VERSION OF TEXT**

As introduced.



S2718 PALAIA

2

1 AN ACT concerning an exemption from reenrollment for certain  
2 retirees of the Teachers' Pension and Annuity Fund and the Public  
3 Employees' Retirement System of New Jersey and amending  
4 N.J.S.18A:66-53.2 and P.L.1966, c.217.

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:66-53.2 is amended to read as follows:

10 18A:66-53.2. **[If]** a. Except as provided in subsection b. of this  
11 section, if a former member of the retirement system who has been  
12 granted a retirement allowance for any cause other than disability,  
13 becomes employed again in a position which makes him eligible to be  
14 a member of the retirement system, his retirement allowance and the  
15 right to any death benefit as a result of his former membership, shall  
16 be canceled until he again retires.

17 Such person shall be reenrolled in the retirement system and shall  
18 contribute thereto at a rate based on his age at the time of  
19 reenrollment. Such person shall be treated as an active member for  
20 determining disability or death benefits while in service and no benefits  
21 pursuant to an optional selection with respect to his former  
22 membership shall be paid if his death shall occur during the period of  
23 such reenrollment.

24 Upon subsequent retirement of such member, his former retirement  
25 allowance shall be reinstated together with any optional selection,  
26 based on his former membership. In addition, he shall receive an  
27 additional retirement allowance based on his subsequent service as a  
28 member computed in accordance with applicable provisions of this  
29 article; provided, however, that his total retirement allowance upon  
30 such subsequent retirement shall not be a greater proportion of his  
31 final compensation than the proportion to which he would have been  
32 entitled had he remained in service during the period of his prior  
33 retirement. Any death benefit to which such member shall be eligible  
34 shall be based on his latest retirement, but shall not be less than the  
35 death benefit that was applicable to his former retirement.

36 b. The cancellation, reenrollment, and additional retirement  
37 allowance provisions of subsection a. of this section shall not apply to  
38 a former member of the retirement system who, 120 days after having  
39 been granted a retirement allowance, becomes employed by an  
40 employer as a certificated superintendent or a certificated  
41 administrator on a contractual basis for a term of not more than one  
42 year. Nothing herein shall preclude a former member so reemployed

**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.**

S2718 PALAIA

1 from entering into successive contracts for a term of not more than  
2 one year.

3 (cf: P.L.1971, c.121, s.28)

4

5 2. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to  
6 read as follows:

7 27. a. Except as provided in ~~subsection~~ subsections b. and c. of  
8 this section, if a former member of the State Employees' Retirement  
9 System or the retirement system, who has been granted a retirement  
10 allowance for any cause other than disability, becomes employed again  
11 in a position which makes him eligible to be a member of the  
12 retirement system, his retirement allowance and the right to any death  
13 benefit as a result of his former membership, shall be canceled until he  
14 again retires.

15 Such person shall be re-enrolled in the retirement system and shall  
16 contribute thereto at a rate based on his age at the time of  
17 re-enrollment. Such person shall be treated as an active member for  
18 determining disability or death benefits while in service and no benefits  
19 pursuant to an optional selection with respect to his former  
20 membership shall be paid if his death shall occur during the period of  
21 such re-enrollment.

22 Upon subsequent retirement of such member, his former retirement  
23 allowance shall be reinstated together with any optional selection,  
24 based on his former membership. In addition, he shall receive an  
25 additional retirement allowance based on his subsequent service as a  
26 member computed in accordance with applicable provisions of chapter  
27 84 of the laws of 1954; provided, however, that his total retirement  
28 allowance upon such subsequent retirement shall not be a greater  
29 proportion of his final compensation than the proportion to which he  
30 would have been entitled had he remained in service during the period  
31 of his prior retirement. Any death benefit to which such member shall  
32 be eligible shall be based on his latest retirement, but shall not be less  
33 than the death benefit that was applicable to his former retirement.

34 b. The cancellation, re-enrollment, and additional retirement  
35 allowance provisions of subsection a. of this section shall not apply to  
36 a former member of the retirement system who, after having been  
37 granted a retirement allowance, becomes employed again by an  
38 employer in a position for which the compensation does not exceed  
39 \$10,000 per year. The Director of the Division of Pensions and  
40 Benefits may from time to time adjust this amount. This adjustment  
41 shall be 3/5 of the percentage of change in the index, as defined in  
42 section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of time as  
43 determined by the director.

44 c. The cancellation, reenrollment, and additional retirement  
45 allowance provisions of subsection a. and the compensation limitations  
46 of subsection b. of this section shall not apply to a former member of

1 the retirement system who, 120 days after having been granted a  
2 retirement allowance, becomes employed by the State Department of  
3 Education in a position of critical need as determined by the State  
4 Commissioner of Education on a contractual basis for a term of not  
5 more than one year. Nothing herein shall preclude a former member  
6 so reemployed from entering into successive contracts for a term of  
7 not more than one year.

8 (cf: P.L.1997, c.23, s.2)

9  
10 3. This act shall take effect immediately.

11  
12  
13 STATEMENT

14  
15 This bill exempts from the current reenrollment requirements (1) a  
16 retiree of the Teachers' Pension and Annuity Fund (TPAF) who  
17 becomes employed by the State or a school district as a certificated  
18 superintendent or certificated administrator and (2) a retiree of the  
19 Public Employees' Retirement System (PERS) who becomes employed  
20 by the New Jersey Department of Education in a position of critical  
21 need as determined by the Commissioner of Education, on a  
22 contractual basis for a term of not more than one year. A retiree will  
23 be able to continue such employment through successive contracts.

24 Generally, if a TPAF or PERS retiree, receiving a retirement  
25 allowance for any cause other than disability, subsequently becomes  
26 employed again in a position which makes the retiree eligible to be a  
27 member of TPAF or PERS, respectively, the retiree is required to  
28 reenroll in the retirement system and the payment of the retirement  
29 allowance ceases. PERS retirees employed in a PERS-covered  
30 position with compensation of \$10,000 or less, however, are exempt  
31 from the reenrollment requirement. N.J.A.C.17:3-2.6 allows a TPAF  
32 retiree to be temporarily appointed to a TPAF-covered position  
33 without reenrolling in the retirement system "if the total time for all  
34 interim appointments with one board of education does not exceed six  
35 months."

36 The bill allows the Department of Education and school districts to  
37 address shortages of certain qualified professional personnel through  
38 employment of TPAF and PERS retirees without reenrollment in their  
39 retirement systems. Such retirees will collect compensation for their  
40 current employment and continue to receive a retirement allowance  
41 based upon their former TPAF or PERS membership.

# SENATE EDUCATION COMMITTEE

## STATEMENT TO

### **SENATE, No. 2718**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: DECEMBER 13, 2001

The Senate Education Committee reports favorably and with committee amendments Senate Bill No. 2718.

As amended by committee, this bill exempts from the current reenrollment requirements: (1) a retiree of the Teachers' Pension and Annuity Fund (TPAF) who is a certificated superintendent or a certificated administrator and who becomes employed by the New Jersey Department of Education in a position of critical need as determined by the Commissioner of Education, or becomes employed by a board of education as a certificated superintendent or certificated administrator on a contractual basis for a term of not more than one year; and (2) a retiree of the Public Employees' Retirement System (PERS) who becomes employed by the New Jersey Department of Education in a position of critical need as determined by the commissioner, or becomes employed by a board of education in a position of critical need as determined by the superintendent of the district on a contractual basis for a term of not more than one year. A retiree employed by a board of education will be able to renew the employment contract for one additional year; however, the retiree's total period of employment with any individual board of education may not exceed a two-year period. The bill also provides that the current pension reenrollment provisions will apply if a retiree accepts employment with the employer from which he retired within 120 days of retirement.

Generally, if a TPAF or PERS retiree, receiving a retirement allowance for any cause other than disability, subsequently becomes employed again in a position which makes the retiree eligible to be a member of TPAF or PERS, respectively, the retiree is required to reenroll in the retirement system and the payment of the retirement allowance ceases. PERS retirees employed in a PERS-covered position with compensation of \$10,000 or less or employed in a teaching staff position by a public institution of higher education, however, are exempt from the reenrollment requirement. N.J.A.C.17:3-2.6 allows a TPAF retiree to be temporarily appointed to a TPAF-covered position without reenrolling in the retirement system "if the total time for all interim appointments with one board

of education does not exceed six months."

The bill allows the Department of Education and school districts to address shortages of certain qualified personnel through employment of TPAF and PERS retirees without reenrollment in their retirement systems. Such retirees will collect compensation for their current employment and continue to receive a retirement allowance based upon their former TPAF or PERS membership.

The committee amended the bill to:

1) exempt from the current pension reenrollment requirement a PERS retiree who is employed by a school district in a position of critical need as determined by the superintendent of the district. The bill in its original form only applied to PERS retirees employed by the Department of Education in a position of critical need as determined by the commissioner;

2) eliminate the requirement that a member of the retirement system not accept employment for 120 days following retirement. The 120 day requirement would be maintained, however, for a retiree who accepts employment with the employer from which he retired;

3) provide that a former member employed by a school district would be limited to two one-year contracts with that district although the member could accept employment for two-year periods with other districts;

4) clarify that section 1 of the bill dealing with TPAF retirees concerns those retirees who hold a certificate as a superintendent or administrator; and

5) conform section 2 of the bill to recent changes made in the statute which that section amends.

As reported, this bill is identical to A3848 (1R).



[First Reprint]

**SENATE, No. 2718**

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**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

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INTRODUCED NOVEMBER 26, 2001

**Sponsored by:**

**Senator JOSEPH A. PALAIA**

**District 11 (Monmouth)**

**Co-Sponsored by:**

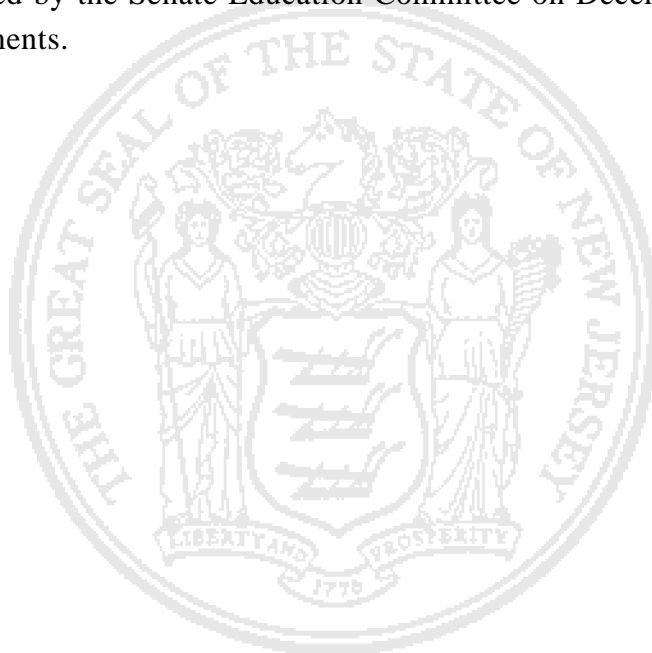
**Assemblymen Doria and Wolfe**

**SYNOPSIS**

Exempts from reenrollment certain TPAF and PERS retirees employed by DOE and boards of education.

**CURRENT VERSION OF TEXT**

As reported by the Senate Education Committee on December 13, 2001, with amendments.



**(Sponsorship Updated As Of: 12/18/2001)**

1 AN ACT concerning an exemption from reenrollment for certain  
2 retirees of the Teachers' Pension and Annuity Fund and the Public  
3 Employees' Retirement System of New Jersey and amending  
4 N.J.S.18A:66-53.2 and P.L.1966, c.217.

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:66-53.2 is amended to read as follows:

10 18A:66-53.2. **[If]** a. Except as provided in subsection b. of this  
11 section, if a former member of the retirement system who has been  
12 granted a retirement allowance for any cause other than disability,  
13 becomes employed again in a position which makes him eligible to be  
14 a member of the retirement system, his retirement allowance and the  
15 right to any death benefit as a result of his former membership, shall  
16 be canceled until he again retires.

17 Such person shall be reenrolled in the retirement system and shall  
18 contribute thereto at a rate based on his age at the time of  
19 reenrollment. Such person shall be treated as an active member for  
20 determining disability or death benefits while in service and no benefits  
21 pursuant to an optional selection with respect to his former  
22 membership shall be paid if his death shall occur during the period of  
23 such reenrollment.

24 Upon subsequent retirement of such member, his former retirement  
25 allowance shall be reinstated together with any optional selection,  
26 based on his former membership. In addition, he shall receive an  
27 additional retirement allowance based on his subsequent service as a  
28 member computed in accordance with applicable provisions of this  
29 article; provided, however, that his total retirement allowance upon  
30 such subsequent retirement shall not be a greater proportion of his  
31 final compensation than the proportion to which he would have been  
32 entitled had he remained in service during the period of his prior  
33 retirement. Any death benefit to which such member shall be eligible  
34 shall be based on his latest retirement, but shall not be less than the  
35 death benefit that was applicable to his former retirement.

36 b. The cancellation, reenrollment, and additional retirement  
37 allowance provisions of subsection a. of this section shall not apply to  
38 a former member of the retirement system who <sup>1</sup>is a certificated  
39 superintendent or a certificated administrator and who<sup>1</sup>, <sup>1</sup>[120 days]<sup>1</sup>  
40 after having been granted a retirement allowance, becomes employed  
41 by <sup>1</sup>[an employer] the State Department of Education in a position 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:

<sup>1</sup> Senate SED committee amendments adopted December 13, 2001.

1 critical need as determined by the State Commissioner of Education,  
2 or becomes employed by a board of education<sup>1</sup> as a certificated  
3 superintendent or a certificated administrator on a contractual basis for  
4 a term of not more than one year<sup>1</sup>; except that the cancellation,  
5 reenrollment, and additional retirement allowance provisions shall  
6 apply if the former member becomes employed within 120 days of  
7 retirement with the employer from which the member retired<sup>1</sup>.  
8 Nothing herein shall preclude a former member so reemployed<sup>1</sup> with  
9 a board of education<sup>1</sup> from<sup>1</sup> [entering into successive contracts for a  
10 term of not more than one year] renewing a contract for one  
11 additional year, provided that the total period of employment with any  
12 individual board of education does not exceed a two-year period<sup>1</sup>.  
13 (cf: P.L.1971, c.121, s.28)

14

15 2. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to  
16 read as follows:

17 27. a. Except as provided in [subsection] subsections b. and c. of  
18 this section, if a former member of the State Employees' Retirement  
19 System or the retirement system, who has been granted a retirement  
20 allowance for any cause other than disability, becomes employed again  
21 in a position which makes him eligible to be a member of the  
22 retirement system, his retirement allowance and the right to any death  
23 benefit as a result of his former membership, shall be canceled until he  
24 again retires.

25 Such person shall be re-enrolled in the retirement system and shall  
26 contribute thereto at a rate based on his age at the time of  
27 re-enrollment. Such person shall be treated as an active member for  
28 determining disability or death benefits while in service and no benefits  
29 pursuant to an optional selection with respect to his former  
30 membership shall be paid if his death shall occur during the period of  
31 such re-enrollment.

32 Upon subsequent retirement of such member, his former retirement  
33 allowance shall be reinstated together with any optional selection,  
34 based on his former membership. In addition, he shall receive an  
35 additional retirement allowance based on his subsequent service as a  
36 member computed in accordance with applicable provisions of chapter  
37 84 of the laws of 1954; provided, however, that his total retirement  
38 allowance upon such subsequent retirement shall not be a greater  
39 proportion of his final compensation than the proportion to which he  
40 would have been entitled had he remained in service during the period  
41 of his prior retirement. Any death benefit to which such member shall  
42 be eligible shall be based on his latest retirement, but shall not be less  
43 than the death benefit that was applicable to his former retirement.

44 b. The cancellation, re-enrollment, and additional retirement  
45 allowance provisions of subsection a. of this section shall not apply to  
46 a former member of the retirement system who, after having been

1 granted a retirement allowance, becomes employed again by <sup>1</sup>:(1)<sup>1</sup> an  
2 employer in a position for which the compensation does not exceed  
3 \$10,000 per year<sup>1</sup>; or (2) if the compensation exceeds \$10,000 per  
4 year, by an employer that is a public institution of higher education as  
5 defined in N.J.S.18A:62-1 in a teaching staff position<sup>1</sup>. The Director  
6 of the Division of Pensions and Benefits may from time to time adjust  
7 <sup>1</sup>[this] the<sup>1</sup> amount <sup>1</sup>in paragraph (1) of this subsection<sup>1</sup>. This  
8 adjustment shall be 3/5 of the percentage of change in the index, as  
9 defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of  
10 time as determined by the director.

11 c. The cancellation, reenrollment, and additional retirement  
12 allowance provisions of subsection a. and the compensation limitations  
13 of subsection b. of this section shall not apply to a former member of  
14 the retirement system who, <sup>1</sup>[120 days]<sup>1</sup> after having been granted a  
15 retirement allowance, becomes employed by the State Department of  
16 Education in a position of critical need as determined by the State  
17 Commissioner of Education<sup>1</sup>, or becomes employed by a board of  
18 education in a position of critical need as determined by the  
19 superintendent of the district<sup>1</sup> on a contractual basis for a term of not  
20 more than one year <sup>1</sup>;except that the cancellation, reenrollment, and  
21 additional retirement allowance provisions and the compensation  
22 limitations shall apply if the former member becomes employed within  
23 120 days of retirement in a position with the employer from which the  
24 member retired<sup>1</sup>. Nothing herein shall preclude a former member so  
25 reemployed <sup>1</sup>by a board of education<sup>1</sup> from <sup>1</sup>[entering into successive  
26 contracts for a term of not more than one year] renewing a contract  
27 for one additional year, provided that the total period of employment  
28 with any individual board of education does not exceed a two-year  
29 period<sup>1</sup>.

30 (cf: P.L.2001, c.253, s.1)

31

32 3. This act shall take effect immediately.

# ASSEMBLY, No. 3848

## STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED NOVEMBER 8, 2001

**Sponsored by:**

**Assemblyman JOSEPH V. DORIA, JR.**

**District 31 (Hudson)**

**Assemblyman DAVID W. WOLFE**

**District 10 (Monmouth and Ocean)**

**SYNOPSIS**

Exempts from reenrollment TPAF retirees employed in State and local certificated administrative positions and PERS retirees employed in DOE positions of critical need.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning an exemption from reenrollment for certain  
2 retirees of the Teachers' Pension and Annuity Fund and the Public  
3 Employees' Retirement System of New Jersey and amending  
4 N.J.S.18A:66-53.2 and P.L.1966, c.217.

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:66-53.2 is amended to read as follows:

10 18A:66-53.2. **[If]** a. Except as provided in subsection b. of this  
11 section, if a former member of the retirement system who has been  
12 granted a retirement allowance for any cause other than disability,  
13 becomes employed again in a position which makes him eligible to be  
14 a member of the retirement system, his retirement allowance and the  
15 right to any death benefit as a result of his former membership, shall  
16 be canceled until he again retires.

17 Such person shall be reenrolled in the retirement system and shall  
18 contribute thereto at a rate based on his age at the time of  
19 reenrollment. Such person shall be treated as an active member for  
20 determining disability or death benefits while in service and no benefits  
21 pursuant to an optional selection with respect to his former  
22 membership shall be paid if his death shall occur during the period of  
23 such reenrollment.

24 Upon subsequent retirement of such member, his former retirement  
25 allowance shall be reinstated together with any optional selection,  
26 based on his former membership. In addition, he shall receive an  
27 additional retirement allowance based on his subsequent service as a  
28 member computed in accordance with applicable provisions of this  
29 article; provided, however, that his total retirement allowance upon  
30 such subsequent retirement shall not be a greater proportion of his  
31 final compensation than the proportion to which he would have been  
32 entitled had he remained in service during the period of his prior  
33 retirement. Any death benefit to which such member shall be eligible  
34 shall be based on his latest retirement, but shall not be less than the  
35 death benefit that was applicable to his former retirement.

36 b. The cancellation, reenrollment, and additional retirement  
37 allowance provisions of subsection a. of this section shall not apply to  
38 a former member of the retirement system who, 120 days after having  
39 been granted a retirement allowance, becomes employed by an  
40 employer as a certificated superintendent or a certificated  
41 administrator on a contractual basis for a term of not more than one  
42 year. Nothing herein shall preclude a former member so reemployed

**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.**

1 from entering into successive contracts for a term of not more than  
2 one year.

3 (cf: P.L.1971, c.121, s.28)

4

5 2. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to  
6 read as follows:

7 27. a. Except as provided in ~~subsection~~ subsections b. and c. of  
8 this section, if a former member of the State Employees' Retirement  
9 System or the retirement system, who has been granted a retirement  
10 allowance for any cause other than disability, becomes employed again  
11 in a position which makes him eligible to be a member of the  
12 retirement system, his retirement allowance and the right to any death  
13 benefit as a result of his former membership, shall be canceled until he  
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16 contribute thereto at a rate based on his age at the time of  
17 re-enrollment. Such person shall be treated as an active member for  
18 determining disability or death benefits while in service and no benefits  
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21 such re-enrollment.

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23 allowance shall be reinstated together with any optional selection,  
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25 additional retirement allowance based on his subsequent service as a  
26 member computed in accordance with applicable provisions of chapter  
27 84 of the laws of 1954; provided, however, that his total retirement  
28 allowance upon such subsequent retirement shall not be a greater  
29 proportion of his final compensation than the proportion to which he  
30 would have been entitled had he remained in service during the period  
31 of his prior retirement. Any death benefit to which such member shall  
32 be eligible shall be based on his latest retirement, but shall not be less  
33 than the death benefit that was applicable to his former retirement.

34 b. The cancellation, re-enrollment, and additional retirement  
35 allowance provisions of subsection a. of this section shall not apply to  
36 a former member of the retirement system who, after having been  
37 granted a retirement allowance, becomes employed again by an  
38 employer in a position for which the compensation does not exceed  
39 \$10,000 per year. The Director of the Division of Pensions and  
40 Benefits may from time to time adjust this amount. This adjustment  
41 shall be 3/5 of the percentage of change in the index, as defined in  
42 section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of time as  
43 determined by the director.

44 c. The cancellation, reenrollment, and additional retirement  
45 allowance provisions of subsection a. and the compensation limitations  
46 of subsection b. of this section shall not apply to a former member of

1 the retirement system who, 120 days after having been granted a  
2 retirement allowance, becomes employed by the State Department of  
3 Education in a position of critical need as determined by the State  
4 Commissioner of Education on a contractual basis for a term of not  
5 more than one year. Nothing herein shall preclude a former member  
6 so reemployed from entering into successive contracts for a term of  
7 not more than one year.

8 (cf: P.L.1997, c.23, s.2)

9  
10 3. This act shall take effect immediately.

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13 STATEMENT

14  
15 This bill exempts from the current reenrollment requirements (1) a  
16 retiree of the Teachers' Pension and Annuity Fund (TPAF) who  
17 becomes employed by the State or a school district as a certificated  
18 superintendent or certificated administrator and (2) a retiree of the  
19 Public Employees' Retirement System (PERS) who becomes employed  
20 by the New Jersey Department of Education in a position of critical  
21 need as determined by the Commissioner of Education, on a  
22 contractual basis for a term of not more than one year. A retiree will  
23 be able to continue such employment through successive contracts.

24 Generally, if a TPAF or PERS retiree, receiving a retirement  
25 allowance for any cause other than disability, subsequently becomes  
26 employed again in a position which makes the retiree eligible to be a  
27 member of TPAF or PERS, respectively, the retiree is required to  
28 reenroll in the retirement system and the payment of the retirement  
29 allowance ceases. PERS retirees employed in a PERS-covered  
30 position with compensation of \$10,000 or less, however, are exempt  
31 from the reenrollment requirement. N.J.A.C.17:3-2.6 allows a TPAF  
32 retiree to be temporarily appointed to a TPAF-covered position  
33 without reenrolling in the retirement system "if the total time for all  
34 interim appointments with one board of education does not exceed six  
35 months."

36 The bill allows the Department of Education and school districts to  
37 address shortages of certain qualified professional personnel through  
38 employment of TPAF and PERS retirees without reenrollment in their  
39 retirement systems. Such retirees will collect compensation for their  
40 current employment and continue to receive a retirement allowance  
41 based upon their former TPAF or PERS membership.



# ASSEMBLY EDUCATION COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 3848**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: DECEMBER 6, 2001

The Assembly Education Committee favorably reports Assembly Bill No. 3848 with committee amendments.

As amended by committee, this bill exempts from the current reenrollment requirements: (1) a retiree of the Teachers' Pension and Annuity Fund (TPAF) who is a certificated superintendent or a certificated administrator and who becomes employed by the New Jersey Department of Education in a position of critical need as determined by the Commissioner of Education, or becomes employed by a board of education as a certificated superintendent or certificated administrator on a contractual basis for a term of not more than one year; and, (2) a retiree of the Public Employees' Retirement System (PERS) who becomes employed by the New Jersey Department of Education in a position of critical need as determined by the commissioner, or becomes employed by a board of education in a position of critical need as determined by the superintendent of the district on a contractual basis for a term of not more than one year. A retiree employed by a board of education will be able to renew the employment contract for one additional year; however, the retirees' total period of employment with any individual board of education may not exceed a two-year period. The bill also provides that the current pension reenrollment provisions will apply if a retiree accepts employment with the employer from which he retired within 120 days of retirement.

Generally, if a TPAF or PERS retiree, receiving a retirement allowance for any cause other than disability, subsequently becomes employed again in a position which makes the retiree eligible to be a member of TPAF or PERS, respectively, the retiree is required to reenroll in the retirement system and the payment of the retirement allowance ceases. PERS retirees employed in a PERS-covered position with compensation of \$10,000 or less or employed in a teaching staff position by a public institution of higher education, however, are exempt from the reenrollment requirement. N.J.A.C.17:3-2.6 allows a TPAF retiree to be temporarily appointed to a TPAF-covered position without reenrolling in the retirement system "if the total time for all interim appointments with one board

of education does not exceed six months."

The bill allows the Department of Education and school districts to address shortages of certain qualified personnel through employment of TPAF and PERS retirees without reenrollment in their retirement systems. Such retirees will collect compensation for their current employment and continue to receive a retirement allowance based upon their former TPAF or PERS membership.

The committee amended the bill to:

1) exempt from the current pension reenrollment requirement a PERS retiree who is employed by a school district in a position of critical need as determined by the superintendent of the district. The bill in its original form only applied to PERS retirees employed by the Department of Education in a position of critical need as determined by the commissioner;

2) eliminate the requirement that a member of the retirement system not accept employment for 120 days following retirement. The 120 day requirement would be maintained, however, for a retiree who accepts employment with the employer from which he retired;

3) provide that a former member employed by a school district would be limited to two one-year contracts with that district although the member could accept employment for two-year periods with other districts;

4) clarify that section 1 of the bill dealing with TPAF retirees concerns those retirees who hold a certificate as a superintendent or administrator; and

5) conform section 2 of the bill to recent changes made in the statute which that section amends.

[First Reprint]

**ASSEMBLY, No. 3848**

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**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

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INTRODUCED NOVEMBER 8, 2001

**Sponsored by:**

**Assemblyman JOSEPH V. DORIA, JR.**

**District 31 (Hudson)**

**Assemblyman DAVID W. WOLFE**

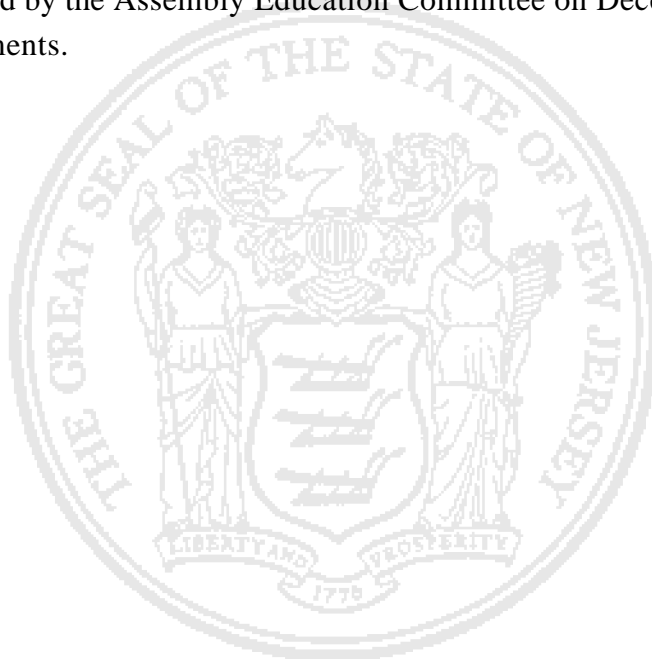
**District 10 (Monmouth and Ocean)**

**SYNOPSIS**

Exempts from reenrollment certain TPAF and PERS retirees employed by DOE and boards of education.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Education Committee on December 6, 2001, with amendments.



1 AN ACT concerning an exemption from reenrollment for certain  
2 retirees of the Teachers' Pension and Annuity Fund and the Public  
3 Employees' Retirement System of New Jersey and amending  
4 N.J.S.18A:66-53.2 and P.L.1966, c.217.

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:66-53.2 is amended to read as follows:

10 18A:66-53.2. **[If]** a. Except as provided in subsection b. of this  
11 section, if a former member of the retirement system who has been  
12 granted a retirement allowance for any cause other than disability,  
13 becomes employed again in a position which makes him eligible to be  
14 a member of the retirement system, his retirement allowance and the  
15 right to any death benefit as a result of his former membership, shall  
16 be canceled until he again retires.

17 Such person shall be reenrolled in the retirement system and shall  
18 contribute thereto at a rate based on his age at the time of  
19 reenrollment. Such person shall be treated as an active member for  
20 determining disability or death benefits while in service and no benefits  
21 pursuant to an optional selection with respect to his former  
22 membership shall be paid if his death shall occur during the period of  
23 such reenrollment.

24 Upon subsequent retirement of such member, his former retirement  
25 allowance shall be reinstated together with any optional selection,  
26 based on his former membership. In addition, he shall receive an  
27 additional retirement allowance based on his subsequent service as a  
28 member computed in accordance with applicable provisions of this  
29 article; provided, however, that his total retirement allowance upon  
30 such subsequent retirement shall not be a greater proportion of his  
31 final compensation than the proportion to which he would have been  
32 entitled had he remained in service during the period of his prior  
33 retirement. Any death benefit to which such member shall be eligible  
34 shall be based on his latest retirement, but shall not be less than the  
35 death benefit that was applicable to his former retirement.

36 b. The cancellation, reenrollment, and additional retirement  
37 allowance provisions of subsection a. of this section shall not apply to  
38 a former member of the retirement system who <sup>1</sup>is a certificated  
39 superintendent or a certificated administrator and who<sup>1</sup> . <sup>1</sup>[120  
40 days]<sup>1</sup> after having been granted a retirement allowance, becomes  
41 employed by <sup>1</sup>[an employer] the State Department of Education in

**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:**

<sup>1</sup> Assembly AED committee amendments adopted December 6, 2001.

1 a position of critical need as determined by the State Commissioner of  
2 Education, or becomes employed by a board of education<sup>1</sup> as a  
3 certificated superintendent or a certificated administrator on a  
4 contractual basis for a term of not more than one year<sup>1</sup>; except that  
5 the cancellation, reenrollment, and additional retirement allowance  
6 provisions shall apply if the former member becomes employed within  
7 120 days of retirement with the employer from which the member  
8 retired<sup>1</sup>. Nothing herein shall preclude a former member so  
9 reemployed<sup>1</sup> with a board of education from [entering into  
10 successive contracts for a term of not more than one year ] renewing  
11 a contract for one additional year, provided that the total period of  
12 employment with any individual board of education does not exceed  
13 a two-year period<sup>1</sup>.

14 (cf: P.L.1971, c.121, s.28)

15

16 2. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to  
17 read as follows:

18 27. a. Except as provided in [subsection] subsections b. and c. of  
19 this section, if a former member of the State Employees' Retirement  
20 System or the retirement system, who has been granted a retirement  
21 allowance for any cause other than disability, becomes employed again  
22 in a position which makes him eligible to be a member of the  
23 retirement system, his retirement allowance and the right to any death  
24 benefit as a result of his former membership, shall be canceled until he  
25 again retires.

26 Such person shall be re-enrolled in the retirement system and shall  
27 contribute thereto at a rate based on his age at the time of  
28 re-enrollment. Such person shall be treated as an active member for  
29 determining disability or death benefits while in service and no benefits  
30 pursuant to an optional selection with respect to his former  
31 membership shall be paid if his death shall occur during the period of  
32 such re-enrollment.

33 Upon subsequent retirement of such member, his former retirement  
34 allowance shall be reinstated together with any optional selection,  
35 based on his former membership. In addition, he shall receive an  
36 additional retirement allowance based on his subsequent service as a  
37 member computed in accordance with applicable provisions of chapter  
38 84 of the laws of 1954; provided, however, that his total retirement  
39 allowance upon such subsequent retirement shall not be a greater  
40 proportion of his final compensation than the proportion to which he  
41 would have been entitled had he remained in service during the period  
42 of his prior retirement. Any death benefit to which such member shall  
43 be eligible shall be based on his latest retirement, but shall not be less  
44 than the death benefit that was applicable to his former retirement.

45 b. The cancellation, re-enrollment, and additional retirement  
46 allowance provisions of subsection a. of this section shall not apply to

1 a former member of the retirement system who, after having been  
2 granted a retirement allowance, becomes employed again by <sup>1</sup>:(1)<sup>1</sup> an  
3 employer in a position for which the compensation does not exceed  
4 \$10,000 per year <sup>1</sup>; or (2) if the compensation exceeds \$10,000 per  
5 year, by an employer that is a public institution of higher education as  
6 defined in N.J.S.18A:62-1 in a teaching staff position<sup>1</sup>. The Director  
7 of the Division of Pensions and Benefits may from time to time adjust  
8 <sup>1</sup>[this] the<sup>1</sup> amount <sup>1</sup>in paragraph (1) of this subsection<sup>1</sup>. This  
9 adjustment shall be 3/5 of the percentage of change in the index, as  
10 defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of  
11 time as determined by the director.

12 c. The cancellation, reenrollment, and additional retirement  
13 allowance provisions of subsection a. and the compensation limitations  
14 of subsection b. of this section shall not apply to a former member of  
15 the retirement system who, <sup>1</sup>[120 days]<sup>1</sup> after having been granted  
16 a retirement allowance, becomes employed by the State Department  
17 of Education in a position of critical need as determined by the State  
18 Commissioner of Education <sup>1</sup>, or becomes employed by a board of  
19 education in a position of critical need as determined by the  
20 superintendent of the district<sup>1</sup> on a contractual basis for a term of not  
21 more than one year <sup>1</sup>;except that the cancellation, reenrollment, and  
22 additional retirement allowance provisions and the compensation  
23 limitations shall apply if the former member becomes employed within  
24 120 days of retirement in a position with the employer from which the  
25 member retired<sup>1</sup>. Nothing herein shall preclude a former member so  
26 reemployed <sup>1</sup>by a board of education<sup>1</sup> from <sup>1</sup>[entering into successive  
27 contracts for a term of not more than one year] renewing a contract  
28 for one additional year, provided that the total period of employment  
29 with any individual board of education does not exceed a two-year  
30 period<sup>1</sup>.

31 (cf: P.L.2001, c.253, s.1)

32

33 3. This act shall take effect immediately.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 3848

## STATE OF NEW JERSEY

## 209th LEGISLATURE

DATED: JANUARY 10, 2002

### SUMMARY

- Synopsis:** Exempts from reenrollment certain TPAF and PERS retirees employed by the Department of Education (DOE) and boards of education.
- Type of Impact:** Potential Savings to State and Local Boards of Education.
- Agencies Affected:** Department of Treasury, Division of Pensions; Department of Education.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>		Indeterminate — Minimal	
<b>State Savings</b>		Indeterminate — Minimal	
<b>Local Cost</b>		Indeterminate — Minimal	

- ! The bill allows a Teachers' Pension and Annuity Fund (TPAF) or Public Employees' Retirement System (PERS) retiree who is a certificated superintendent or a certificated administrator to be employed by the Department of Education or a board of education for a term of one year or less, without suspension of the retirement allowance and without reenrollment in TPAF or PERS; a contract may be renewed for one additional year.
- ! There is no information available to indicate the number of TPAF or PERS retirees who would qualify; thus, a specific estimate of the potential cost to the State and potential savings for the State or local school boards cannot be made at this time.
- ! Because each qualified retiree is not reenrolled and, thus, does not receive an increase in retirement benefits for service, the TPAF and PERS do not incur additional costs. Consequently, the State does not have to make contributions to TPAF and PERS, which it otherwise would have to make for an employee in a TPAF or PERS-covered teaching position.
- ! Without reenrollment, the reemployed TPAF or PERS retiree will continue to receive State-

paid post-retirement medicine benefits (assuming the retiree is eligible). Currently, the State avoids this expense if the retiree is reenrolled because health benefits then become the responsibility of the school board until the person again retires. Thus, the State will incur some additional cost.

- ! Health benefits cost savings may be realized by local school boards if a qualified retiree is receiving paid post-retirement health benefits (based on former employment).

## **BILL DESCRIPTION**

Assembly Bill No. 3848 (1R) of 2001 allows a retired member of the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS), respectively, to accept employment with the Department of Education or a local board of education as a certificated superintendent or a certificated administrator on a contractual basis for a term of one year or less without being subject to cancellation of retirement benefits and reenrollment in the TPAF or PERS retirement systems. The bill permits a retiree employed by a board of education to renew the employment contract for one additional year, however, the retirees' total period of employment with any individual board of education may not exceed a two-year period.

Under current PERS law, a retired member may accept employment without reenrollment in the respective retirement systems if the compensation does not exceed \$10,000 per year.

Generally, if a TPAF or PERS retiree, receiving a retirement allowance for any cause other than disability, subsequently becomes employed again in a position which makes the retiree eligible to be a member of TPAF or PERS, the retiree is required to reenroll in the retirement system and the payment of the retirement allowance ceases. The bill provides that these current pension reenrollment provisions apply if a retiree accepts employment with the employer from which he retired within 120 days of retirement.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

Under current law, if a retired TPAF or PERS member becomes employed again in a TPAF or PERS-covered position, the retirement allowance and the right to any death benefit as a result of the prior TPAF or PERS membership is suspended and the reemployed retiree is reenrolled in TPAF or PERS, as the case may be, and treated as an active member. Upon subsequent retirement, the reemployed TPAF or PERS member receives the former retirement allowance based on the earlier membership, as well as an additional retirement allowance based upon the subsequent reemployment service. This bill creates an exception for certain reemployment situations.

The Office of Legislative Services (OLS) notes that there is a cost to the State if a TPAF or PERS retiree reenrolls in the retirement system because the State pays the employer's share of



required TPAF or PERS pension contributions. Because this bill prevents reenrollment, the State would save money in that regard. Also, there will be no additional pension cost to the retirement system for these qualified retirees because, as a result of the bill, they will not be eligible to receive an increased retirement benefit based upon their service during reemployment with the department or local board of education.

Regarding post-retirement medical benefits, this bill requires the State to continue to pay this cost. Under current law, State payments for a qualified retiree's post-retirement medical benefits are suspended when the retiree is reenrolled in the retirement system. In the case of reenrollment, health benefits are the responsibility of the employer, until the person again retires.

Under the provisions of this bill, the State would continue to pay retirement allowances to individuals who qualify for and accept certain reemployment situations with the department or local school boards. Current law suspends the allowance during reemployment in a TPAF or PERS-covered position. This bill would also increase the incentive for individuals who qualify for these reemployment situations to retire at an earlier date. Thus, the pension systems would need a minimal amount of additional resources to fund the added number of years these individuals will collect a retirement allowance.

Section: *State Government*

Analyst: *James F. Vari*  
*Associate Fiscal Analyst*

Approved: *Alan R. Kooney*  
*Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

P.L. 2001, CHAPTER 355, *approved January 6, 2002*

Senate, No. 2718 (*First Reprint*)

1 **AN ACT** concerning an exemption from reenrollment for certain  
2 retirees of the Teachers' Pension and Annuity Fund and the Public  
3 Employees' Retirement System of New Jersey and amending  
4 N.J.S.18A:66-53.2 and P.L.1966, c.217.

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:66-53.2 is amended to read as follows:

10 18A:66-53.2. **[If]** a. Except as provided in subsection b. of this  
11 section, if a former member of the retirement system who has been  
12 granted a retirement allowance for any cause other than disability,  
13 becomes employed again in a position which makes him eligible to be  
14 a member of the retirement system, his retirement allowance and the  
15 right to any death benefit as a result of his former membership, shall  
16 be canceled until he again retires.

17 Such person shall be reenrolled in the retirement system and shall  
18 contribute thereto at a rate based on his age at the time of  
19 reenrollment. Such person shall be treated as an active member for  
20 determining disability or death benefits while in service and no benefits  
21 pursuant to an optional selection with respect to his former  
22 membership shall be paid if his death shall occur during the period of  
23 such reenrollment.

24 Upon subsequent retirement of such member, his former retirement  
25 allowance shall be reinstated together with any optional selection,  
26 based on his former membership. In addition, he shall receive an  
27 additional retirement allowance based on his subsequent service as a  
28 member computed in accordance with applicable provisions of this  
29 article; provided, however, that his total retirement allowance upon  
30 such subsequent retirement shall not be a greater proportion of his  
31 final compensation than the proportion to which he would have been  
32 entitled had he remained in service during the period of his prior  
33 retirement. Any death benefit to which such member shall be eligible  
34 shall be based on his latest retirement, but shall not be less than the  
35 death benefit that was applicable to his former retirement.

36 b. The cancellation, reenrollment, and additional retirement  
37 allowance provisions of subsection a. of this section shall not apply to  
38 a former member of the retirement system who <sup>1</sup>is a certificated  
39 superintendent or a certificated administrator and who<sup>1</sup>, <sup>1</sup>[120 days]<sup>1</sup>  
40 after having been granted a retirement allowance, becomes employed

**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:**

<sup>1</sup> Senate SED committee amendments adopted December 13, 2001.

1 by <sup>1</sup>[an employer] the State Department of Education in a position of  
2 critical need as determined by the State Commissioner of Education,  
3 or becomes employed by a board of education<sup>1</sup> as a certificated  
4 superintendent or a certificated administrator on a contractual basis for  
5 a term of not more than one year <sup>1</sup>;except that the cancellation,  
6 reenrollment, and additional retirement allowance provisions shall  
7 apply if the former member becomes employed within 120 days of  
8 retirement with the employer from which the member retired<sup>1</sup>.  
9 Nothing herein shall preclude a former member so reemployed <sup>1</sup>with  
10 a board of education<sup>1</sup> from <sup>1</sup>[entering into successive contracts for a  
11 term of not more than one year] renewing a contract for one  
12 additional year, provided that the total period of employment with any  
13 individual board of education does not exceed a two-year period<sup>1</sup>.  
14 (cf: P.L.1971, c.121, s.28)

15

16 2. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to  
17 read as follows:

18 27. a. Except as provided in [subsection] subsections b. and c. of  
19 this section, if a former member of the State Employees' Retirement  
20 System or the retirement system, who has been granted a retirement  
21 allowance for any cause other than disability, becomes employed again  
22 in a position which makes him eligible to be a member of the  
23 retirement system, his retirement allowance and the right to any death  
24 benefit as a result of his former membership, shall be canceled until he  
25 again retires.

26 Such person shall be re-enrolled in the retirement system and shall  
27 contribute thereto at a rate based on his age at the time of  
28 re-enrollment. Such person shall be treated as an active member for  
29 determining disability or death benefits while in service and no benefits  
30 pursuant to an optional selection with respect to his former  
31 membership shall be paid if his death shall occur during the period of  
32 such re-enrollment.

33 Upon subsequent retirement of such member, his former retirement  
34 allowance shall be reinstated together with any optional selection,  
35 based on his former membership. In addition, he shall receive an  
36 additional retirement allowance based on his subsequent service as a  
37 member computed in accordance with applicable provisions of chapter  
38 84 of the laws of 1954; provided, however, that his total retirement  
39 allowance upon such subsequent retirement shall not be a greater  
40 proportion of his final compensation than the proportion to which he  
41 would have been entitled had he remained in service during the period  
42 of his prior retirement. Any death benefit to which such member shall  
43 be eligible shall be based on his latest retirement, but shall not be less  
44 than the death benefit that was applicable to his former retirement.

45 b. The cancellation, re-enrollment, and additional retirement  
46 allowance provisions of subsection a. of this section shall not apply to

1 a former member of the retirement system who, after having been  
2 granted a retirement allowance, becomes employed again by <sup>1</sup>:(1)<sup>1</sup> an  
3 employer in a position for which the compensation does not exceed  
4 \$10,000 per year<sup>1</sup>; or (2) if the compensation exceeds \$10,000 per  
5 year, by an employer that is a public institution of higher education as  
6 defined in N.J.S.18A:62-1 in a teaching staff position<sup>1</sup>. The Director  
7 of the Division of Pensions and Benefits may from time to time adjust  
8 <sup>1</sup>[this] the<sup>1</sup> amount <sup>1</sup>in paragraph (1) of this subsection <sup>1</sup>. This  
9 adjustment shall be 3/5 of the percentage of change in the index, as  
10 defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of  
11 time as determined by the director.

12 c. The cancellation, reenrollment, and additional retirement  
13 allowance provisions of subsection a. and the compensation limitations  
14 of subsection b. of this section shall not apply to a former member of  
15 the retirement system who, <sup>1</sup>[120 days]<sup>1</sup> after having been granted a  
16 retirement allowance, becomes employed by the State Department of  
17 Education in a position of critical need as determined by the State  
18 Commissioner of Education<sup>1</sup>, or becomes employed by a board of  
19 education in a position of critical need as determined by the  
20 superintendent of the district<sup>1</sup> on a contractual basis for a term of not  
21 more than one year <sup>1</sup>;except that the cancellation, reenrollment, and  
22 additional retirement allowance provisions and the compensation  
23 limitations shall apply if the former member becomes employed within  
24 120 days of retirement in a position with the employer from which the  
25 member retired<sup>1</sup>. Nothing herein shall preclude a former member so  
26 reemployed <sup>1</sup>by a board of education<sup>1</sup> from <sup>1</sup>[entering into successive  
27 contracts for a term of not more than one year] renewing a contract  
28 for one additional year, provided that the total period of employment  
29 with any individual board of education does not exceed a two-year  
30 period<sup>1</sup>.

31 (cf: P.L.2001, c.253, s.1)

32

33 3. This act shall take effect immediately.

34

35

36

37

38 Exempts from reenrollment certain TPAF and PERS retirees employed  
39 by DOE and boards of education.

## CHAPTER 355

**AN ACT** concerning an exemption from reenrollment for certain retirees of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System of New Jersey and amending N.J.S.18A:66-53.2 and P.L.1966, c.217.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. N.J.S.18A:66-53.2 is amended to read as follows:

Reemployment of retirant; reenrollment; subsequent retirement.

18A:66-53.2. a. Except as provided in subsection b. of this section, if a former member of the retirement system who has been granted a retirement allowance for any cause other than disability, becomes employed again in a position which makes him eligible to be a member of the retirement system, his retirement allowance and the right to any death benefit as a result of his former membership, shall be canceled until he again retires.

Such person shall be reenrolled in the retirement system and shall contribute thereto at a rate based on his age at the time of reenrollment. Such person shall be treated as an active member for determining disability or death benefits while in service and no benefits pursuant to an optional selection with respect to his former membership shall be paid if his death shall occur during the period of such reenrollment.

Upon subsequent retirement of such member, his former retirement allowance shall be reinstated together with any optional selection, based on his former membership. In addition, he shall receive an additional retirement allowance based on his subsequent service as a member computed in accordance with applicable provisions of this article; provided, however, that his total retirement allowance upon such subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have been entitled had he remained in service during the period of his prior retirement. Any death benefit to which such member shall be eligible shall be based on his latest retirement, but shall not be less than the death benefit that was applicable to his former retirement.

b. The cancellation, reenrollment, and additional retirement allowance provisions of subsection a. of this section shall not apply to a former member of the retirement system who is a certificated superintendent or a certificated administrator and who, after having been granted a retirement allowance, becomes employed by the State Department of Education in a position of critical need as determined by the State Commissioner of Education, or becomes employed by a board of education as a certificated superintendent or a certificated administrator on a contractual basis for a term of not more than one year; except that the cancellation, reenrollment, and additional retirement allowance provisions shall apply if the former member becomes employed within 120 days of retirement with the employer from which the member retired. Nothing herein shall preclude a former member so reemployed with a board of education from renewing a contract for one additional year, provided that the total period of employment with any individual board of education does not exceed a two-year period.

2. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to read as follows:

C.43:15A-57.2 Reemployment of retired former member.

27. a. Except as provided in subsections b. and c. of this section, if a former member of the State Employees' Retirement System or the retirement system, who has been granted a retirement allowance for any cause other than disability, becomes employed again in a position which makes him eligible to be a member of the retirement system, his retirement allowance and the right to any death benefit as a result of his former membership, shall be canceled until he again retires.

Such person shall be re-enrolled in the retirement system and shall contribute thereto at a rate based on his age at the time of re-enrollment. Such person shall be treated as an active member for determining disability or death benefits while in service and no benefits pursuant to an optional selection with respect to his former membership shall be paid if his death shall occur during the period of such re-enrollment.

Upon subsequent retirement of such member, his former retirement allowance shall be reinstated together with any optional selection, based on his former membership. In addition, he shall receive an additional retirement allowance based on his subsequent service as a member

computed in accordance with applicable provisions of chapter 84 of the laws of 1954; provided, however, that his total retirement allowance upon such subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have been entitled had he remained in service during the period of his prior retirement. Any death benefit to which such member shall be eligible shall be based on his latest retirement, but shall not be less than the death benefit that was applicable to his former retirement.

b. The cancellation, re-enrollment, and additional retirement allowance provisions of subsection a. of this section shall not apply to a former member of the retirement system who, after having been granted a retirement allowance, becomes employed again by:(1) an employer or employers in a position or positions for which the aggregate compensation does not exceed \$15,000 per year; or (2) if the compensation exceeds \$10,000 per year, by an employer that is a public institution of higher education as defined in N.J.S.18A:62-1 in a teaching staff position. The Director of the Division of Pensions and Benefits may from time to time adjust the amount in paragraph (1) of this subsection. This adjustment shall be  $\frac{3}{5}$  of the percentage of change in the index, as defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of time as determined by the director.

c. The cancellation, reenrollment, and additional retirement allowance provisions of subsection a. and the compensation limitations of subsection b. of this section shall not apply to a former member of the retirement system who, after having been granted a retirement allowance, becomes employed by the State Department of Education in a position of critical need as determined by the State Commissioner of Education, or becomes employed by a board of education in a position of critical need as determined by the superintendent of the district on a contractual basis for a term of not more than one year; except that the cancellation, reenrollment, and additional retirement allowance provisions and the compensation limitations shall apply if the former member becomes employed within 120 days of retirement in a position with the employer from which the member retired. Nothing herein shall preclude a former member so reemployed by a board of education from renewing a contract for one additional year, provided that the total period of employment with any individual board of education does not exceed a two-year period

3. This act shall take effect immediately.

Approved January 6, 2002.