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December 1, 2008

TO: Certifying Officers, State and County Colleges and Universities
FROM: Joseph Zisa, Manager 1, Fiscal Resources
Division of Pensions and Benefits
SUBJECT: Pension Eligibility – Adjunct Faculty and Part-Time Instructors –
Supplemental Questions and Answers

As part of the Division's continuing response to implementation of pension reform legislation signed into law by Governor Corzine on September 29, 2008, this document will serve as a supplement to information contained in the October 28, 2008, letter to Certifying Officers concerning the pension eligibility of adjunct faculty and part-time instructors. The information is presented in the form of questions and answers and addresses many of the questions the Division has been presented with following the signing of this legislation.

QUESTIONS AND ANSWERS

1. **Question.** After November 1, 2008, what retirement program(s) are available to adjunct faculty and part-time instructors?

Answer. After November 1, 2008, adjunct faculty and part-time instructors are eligible to participate in the New Jersey Alternate Benefit Program (ABP).

If any individual accepts employment in an ABP eligible position, the default retirement system is ABP. But, under certain circumstances an individual may participate in the Public Employees' Retirement System (PERS).

N.J.S.A. 18A:66-170 states in part:

“Any person required to participate in the alternate benefit program by reason of employment, who at the time of such employment is a member of the Teachers' Pension and Annuity Fund, shall be permitted to transfer his membership in said fund to the Public Employees' Retirement System, by waiving all rights and benefits which would otherwise be provided by the alternate benefit program. Any such new employee who is a member of the Public Employees' Retirement System will be permitted to continue his membership in that system, by waiving all rights and benefits which would otherwise be provided by the alternate benefit program. Such waivers shall be accomplished by filing forms satisfactory to the Division of Pensions within 30 days of the beginning date of employment.”

So, adjunct faculty and part-time instructors with existing TPAF and PERS membership at the time of accepting a new employment agreement should consider all their retirement program options before making any decision regarding enrollment into the ABP.

2. **Question.** If an individual accepts an ABP eligible position and is already a member of TPAF or PERS, must that individual waive their benefits under TPAF, PERS or ABP and enroll into ABP or PERS as a result of that employment?

Answer. No, a current TPAF or PERS member may leave an existing TPAF or PERS account intact and enroll into a separate ABP account.

While TPAF and PERS members are “permitted” to make an election to waive benefits and consolidate retirement credit under either PERS or ABP as a result of the provisions of N.J.S.A. 18A:66-170, it is not a requirement. Nothing prevents the TPAF or PERS member from leaving the TPAF or PERS account open in a non-contributory state; perhaps with the expectation of returning to TPAF or PERS eligible employment before that retirement account expires as a result of inactivity. But the member must make this election within 30 days of beginning employment in an ABP eligible position or lose the ability to make the permitted election.

Also, in some situations, it may be necessary for the individual to keep a TPAF or PERS account open and enroll into the ABP. This is required if the individual continues to render service through employment with a second employer in a TPAF or PERS eligible position. This may be more common with adjunct faculty and part-time instructors since those individual may hold full-time positions with other public employers while holding these teaching positions.

3. **Question.** What should happen with adjunct faculty or part-time instructors receiving a new employment agreement who are currently members of PERS or TPAF?

Answer. If an adjunct faculty or part-time instructor is in PERS or TPAF and elects ABP coverage and waives benefits under PERS or TPAF, the employer will need to secure the following in order to complete the transfer of funds from one pension system to another:

- complete an ABP Enrollment on-line through EPIC or with a paper ABP Enrollment Application,
- acquire from the employee an application for withdrawal from PERS or TPAF with the corresponding employer's certification, and
- acquire from the employee an Election of Retirement Coverage Form

4. **Question.** Is the salary paid to adjunct faculty and part-time instructors for teaching in Winter or Summer term pensionable for ABP?

Answer. They are considered 10-month employees and in PERS the salary is not pensionable except for Spring and Fall semesters.

For ABP, adjunct faculty and part-time instructors will be considered 10-month employees. Salary is reportable and service will be accrued for teaching only during the Spring and Fall semester. Six months of service credit will be earned for teaching a minimum of one – 3 credit hour course for the full semester. Additional teaching responsibilities over this minimum during the Spring or Fall semester will also be pensionable. Teaching assignments outside of the Spring or Fall semesters or below the minimum will not accrue ABP service credit and related salary is not pensionable.

5. **Question.** The Employers' Pensions and Benefits Administration Manual (EPBAM) states that if an employee does not file an election form, he or she must remain in PERS. The October 28, 2008, Certifying Officer Letter – *Pension Eligibility — Adjunct Faculty and Part-Time Instructors* - Footnote #2 states:

"Individuals with existing TPAF or PERS membership at the time of ABP enrollment, who do not make an election to waive benefits under one of the two retirement systems, will lose the right to have all retirement credit consolidated under one retirement account and may lose those benefits which have not vested."

The footnote in the October 28, 2008, Certifying Officer Letter would indicate that it is not required that the individual make an election and that the default pension system would then be ABP. This seems to be in conflict with the EPBAM. Which approach is correct?

Answer. The EPBAM was incorrect and has been updated.

6. **Question.** What is the period for a new employment agreement? Is it each semester or the academic year?

Answer. This will be fact specific and may differ from campus-to-campus or from individual-to-individual. You must review the manner in which your campus retains the services of adjunct faculty and part-time instructors.

It is the Division's understanding that it is customary for these instructional services to be retained on a semester-by-semester basis with an offer for employment delivered to the adjunct faculty and part-time instructor prior to the semester starting date and the offer in some fashion being accepted by the individual. The Division views this practice of offer and acceptance as a new employment agreement. Under these circumstances the first new employment period in which adjunct faculty and part-time instructors may be eligible to enroll into the ABP as a result of Chapter 89, P.L. 2008, will be for the Spring semester of 2009.

If, however, a college or university follows the practice of entering into employment agreements with their adjunct faculty and part-time instructors for a longer period of time, the opportunity for one of these instructors to enroll into the ABP will be when a new employment agreement is executed.

7. **Question.** Several NJ public colleges and universities offer a Winter or Summer semester (inter-semester period) programs. For example, one of these inter-semester programs may start on January 5, 2009 and end on January 16, 2009. Does teaching only this short semester make an adjunct faculty or part-time instructor eligible for enrollment into the ABP? Does the employer need to enroll adjunct faculty and part-time instructors in the ABP based on teaching for only an inter-semester period?

Answer. For ABP, adjunct faculty and part-time instructors will be considered 10-month employees. Salary is reportable and service will be accrued for teaching only during the Spring and Fall semester. Six months of service credit will be earned for teaching a minimum of one – 3 credit hour course for the full semester. Additional teaching responsibilities over this minimum during the Spring or Fall semester will also be pensionable. Teaching assignments outside of the Spring or Fall semesters or below the minimum will not accrue ABP service credit and related salary is not pensionable.

8. **Question.** Are there minimum earnings to be eligible for ABP?

Answer. There is no minimum earnings amount for ABP eligibility.

While there is a minimum earnings requirement under PERS, which for anyone becoming eligible to enroll in PERS after November 1, 2008, is \$7,500 (adjusted annually) and \$1,500 for anyone participating in PERS prior to that date, there is no similar requirement under ABP.

9. **Question.** Will the State be reimbursing for the employer ABP 8% contribution for Adjunct Faculty and Part-Time Instructors as a result of Chapter 89, P.L. 2008, at county colleges? Does the plan work the same as full-time employees and, because adjunct faculty and part-time instructors is the 8% employer contribution reimbursable?

Answer. We have sought advice on this matter and are not in a position to respond to this question at this time. Additional information will follow when it becomes available.

10. **Question.** Will adjunct faculty and part-time instructors have a choice of carriers?

Answer. Yes, they will be members of ABP and have all the benefits of an ABP member, including their choice of carriers.

11. **Question.** How is vesting calculated for adjunct faculty and part-time instructors who only teach every Fall semester?

Answer. For ABP, vesting occurs following 12 months of eligible employment. Adjunct faculty and part-time instructors will be considered 10-month employees. Service will be accrued for teaching only during the Spring and Fall semester. Six months of service credit will be earned for teaching a minimum of one – 3 credit hour course for the full semester. Teaching assignments outside of the Spring or Fall semesters or below the minimum will not accrue ABP service credit.

Therefore, adjunct faculty and part-time instructors will vest once they begin working and receive ABP pensionable compensation in their third Spring and/or Fall semester.

12. **Question.** Adjunct faculty and part-time instructors are constantly withdrawing and reentering PERS — it is extremely difficult to communicate with this group as it is so transient, it may be difficult to prevent them from withdrawing from ABP thus eliminating their ability to reenter any pension system.

Answer. It will be up to the employer to ensure that adjunct faculty and part-time instructors are provided with all information pertaining to the ABP including the circumstances surrounding withdrawing funds if they should terminate employment. The Division provides information on its website and also provides telephone counseling.

ADDITIONAL INFORMATION

If you have additional questions regarding the ABP or any of the information in this letter, contact the Defined Contribution Plans Unit at (609) 292-3605 or e-mail the Unit at: typabp1@treas.state.nj.us.