



Multi-State Agency Participation in the PERS

Information for:
Public Employees' Retirement System (PERS)

INTRODUCTION

N.J.S.A. 43:15A-73, P.L. 2003, c. 263 (Chapter 263), authorizes a bi-state or multi-state agency (hereafter depicted as a multi-state agency) to allow certain New Jersey-resident employees of multi-state agencies in which the State of New Jersey participates, the option to participate in the Public Employees' Retirement System (PERS). The agency must make participation available to all employees who meet the criteria in the law and may not limit the eligibility to a specific class of employees.

ADOPTION

A multi-state agency that wishes to participate in the PERS must adopt and file a resolution of participation with the New Jersey Division of Pensions & Benefits (NJDPB). The agency can select any date in the future as the effective date of its participation in the PERS. A sample resolution is included at the end of this fact sheet.

As an essential part of the adoption process, the multi-state agency must also modify its Social Security agreement. This is so the agency's Social Security reporting on employees who join the PERS is done as a part of New Jersey's agreement with the Social Security Administration. This can be done without affecting the reporting on employees who do not participate in the PERS.

Modification requires two distinct actions: first, the multi-state agency must request modification of the

State of New Jersey's Social Security agreement to include their eligible employees with the same effective date as their resolution of participation (see the "Modification of the State's Social Security agreement" section for more information); second, the multi-state agency will have to modify its existing Social Security Agreement to exclude its employees who join the PERS.

ELIGIBILITY AND ENROLLMENT

Eligibility

Only employees who reside in New Jersey at the time of their appointment to the multi-state agency are eligible to join the PERS. New Jersey-resident employees must also have been appointed to the multi-state agency on or after January 1, 2002. Employees appointed prior to January 1, 2002, are not eligible for PERS membership. If the employee changes residence to another state after the date of appointment, the eligibility for PERS membership is not affected.

Enrollment Window

Employees must file for enrollment within 90 days of becoming eligible. For an employee of a multi-state agency who becomes eligible at the time of adoption of the resolution, the 90-day window begins with the date that the agency adopts the resolution. For an employee appointed to the multi-state agency after the adoption of the resolution, the 90-day window begins with the appointment to the agency in a

PERS-eligible position. If an employee does not enroll during the initial 90-day enrollment period, he or she may not enroll at a later date while continuously employed by the agency.

Enrollment

The enrollment date of employees who join the PERS will be the first of the month following the date the resolution of participation is adopted, or the date the application is received by the NJDPB, whichever is later.

Once the Social Security Administration notifies the NJDPB of the approval of the modification of the Social Security agreement, the NJDPB will process the enrollments received from the multi-state agency and assign the appropriate enrollment dates.

For employees who already have an active PERS account, the transfer date will be the first of the month following the date the resolution is adopted, or the date the employee was appointed to a PERS-eligible position at the multi-state agency, whichever is later.

PURCHASE

Once enrolled, an employee may purchase service from the date of his or her enrollment or transfer back to the effective date established by the multi-state agency in its resolution. The purchase may only be made if the employee will not be eligible for a current or future pension benefit from another retirement system for that same service. The purchase will use

normal PERS purchase factors and will be a full-cost purchase, just like U.S. Government Service. However, the costs may be paid by either the employee or the multi-state agency. If the agency pays for the purchase, it must notify the NJDPB how much, if any, of the funds submitted for the purchase is employee money and how much is employer money. The employee money must be further identified as pre-tax or after-tax money. Employee money will be credited to the member's PERS account. Employer money will be deposited in the general PERS fund like all other employer contributions. For more information about purchasing service credit, see the *Purchasing Service Credit* Fact Sheet available on our website at www.nj.gov/treasury/pensions

NO DOUBLE PENSION COVERAGE

If an employee opts to enroll in the PERS, the individual may not participate in another retirement system* offered by or through the multi-state agency by virtue of service in the same position. If the employee seeks to purchase credit in the PERS for service back to the effective date selected by the agency, the employee must have withdrawn from membership in any other retirement system that covered that same period of employment. The funds withdrawn from the other retirement system may be rolled over to the PERS (preserving tax-deferred status of any funds) to pay for the service credit purchase.

IMPACT OF A DECISION WHETHER OR NOT TO ENROLL IN THE PERS

If an employee opts not to enroll in the PERS when eligible at a multi-state agency, that decision is irrevocable. The employee will not be able to enroll in the PERS on the basis of employment with the multi-state agency while continuously employed with that agency. If at a future date that employee becomes a PERS member, either due to employment with an-

other public employer or after a break in service with the same multi-state agency, and wishes to purchase the optional service at the multi-state agency, it will be a full-cost purchase solely payable by the member.

If an employee opts to join the PERS, the employee must continue in the PERS while employed by that multi-state agency. If the employee terminates service with that agency and is later re-employed by that same agency, the employee must re-enroll into the PERS if still a New Jersey resident with an active PERS account. If the employee's PERS account is inactive or withdrawn upon re-employment with the multi-state agency, the employee may opt to enroll or not enroll in the PERS.

MODIFICATION OF NEW JERSEY'S SOCIAL SECURITY AGREEMENT

The following are the required steps that multi-state agencies must take to be included under New Jersey's Social Security agreement, and ultimately to become a participating employer in PERS:

1. The multi-state agency must submit to the NJDPB a resolution of participation from the governing body, including a statement that it will be responsible for the remittance of the employer's share for Social Security coverage. A copy of the statute or ordinance that created or authorized the creation of the entity must accompany the resolution.
2. The multi-state agency must provide a statement that includes:
 - a. The Employer Identification Number (EIN) from the IRS;
 - b. The effective date requested for Social Security coverage (must be the same as the effective date shown in the resolution);

- c. The number of employees to be covered; and
 - d. The name, address, phone number, fax number, and title of the person who will be the NJDPB's contact (usually the certifying officer).
3. After the required information is received, the NJDPB executes a formal modification to extend Social Security coverage under Section 218 of New Jersey's Social Security agreement.
 4. The Secretary of Health, Education, and Human Services approves the modification. This process may take two or more months.
 5. Once the NJDPB receives notice of the successful modification, a copy of the modification will be sent to the multi-state agency contact person. Copies of the modification will also be sent to various sections within the NJDPB so they can then take the actions necessary to establish the multi-state agency in the PERS. A PERS location number will be assigned to the agency and processing will begin on the applications that have been submitted.

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**This does not prevent an employee from participating in any supplemental retirement savings plan that the multi-state agency may offer, such as a supplemental savings plan offered under Internal Revenue Service (IRS) Section 457 or 403(b).*

**SAMPLE RESOLUTION
TO PARTICIPATE IN THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
UNDER THE PROVISIONS OF N.J.S.A. 43:15A-73, P.L. 2003, c. 263
(CHAPTER 263)**

RESOLVED: That the (Name of bi-/multi-state authority) hereby authorizes any employee who was initially appointed or employed by the (Name of bi-/multi-state authority) on or after January 1, 2002, and who, at the date of said appointment or employment, was a resident of the State of New Jersey, to enroll as a Member of the New Jersey Public Employees' Retirement System (PERS); and employees hired after the date of this resolution, who are residents of the State of New Jersey at the time of their appointment or employment, shall be eligible to enroll in the PERS; and be it further

RESOLVED: That the (Name of bi-/multi-state authority) will take the necessary actions to be included in the State of New Jersey's Social Security Agreement and will be responsible for the remittance of the employer's share for Social Security coverage for its employees who elect to join the PERS; and be it further

RESOLVED: That the (Name of bi-/multi-state authority) agrees that it will make such contributions of the employer share with respect to any employee who elects to enroll in the PERS as is required by P.L. 2003, c. 263, and that (Name of bi-/multi-state authority) will remit such salary deductions as may be required by Chapter 263, as the employee's share of such pension contributions for members of PERS who are employed at (Name of bi-/multi-state authority), during the term of the said Member's employment at the (Name of bi-/multi-state authority); and be it further

RESOLVED: That the effective date of this resolution, that is, the earliest date for which eligible employees of the (Name of the bi-/multi-state authority) will be able to obtain PERS service credit for their employment with the (Name of the bi-/multi-state authority) will be (Insert date); and be it further

RESOLVED: That the (title or individual name) of the (Name of bi-/multi-state authority) is hereby authorized to approve all documents required to carry out the intent of this Resolution and to execute the said documents on behalf of the (Name of bi-/multi-state authority).