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State of New Jersey  
DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
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State Treasurer

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Acting Director

June 18, 2012

**TO:** Certifying Officers of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund

**FROM:** Florence J. Sheppard, Acting Director   
Division of Pensions and Benefits

**SUBJECT: Pension Contribution Rate Change for the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF)**

Pursuant to Chapter 78, P.L. 2011, Pension and Health Benefit Reform, PERS and TPAF employee pension contribution rates will increase from 6.5% to **6.64%** of salary with the first paycheck on or after July 1, 2012.

- **State employees** paid through the Centralized Payroll Unit will receive check messages as notification of the contribution change which will begin as of the July 6, 2012 paycheck.
- **For all other employees**, the increase to **6.64%** is to be effective with the first paycheck to be paid *on or after* July 1, 2012 (which is reported to the Division of Pensions and Benefits as compensation during the 3rd calendar quarter of 2012).

The increase in the employee's contribution rate will also increase the minimum repayment amount for new pension loans or the cost for a purchase of service credit *if certified after* the increased contribution rate becomes effective.

**Note: For PERS Prosecutors Part members** the employee pension contribution rate increased in October 2011 from 8.5% to 10% of salary. There is no additional increase for Prosecutors Part members at this time.

### NOTIFICATION OF EMPLOYEES

State biweekly employees paid through the State Centralized Payroll Unit will receive check messages with Pay Periods #13 (June 22, 2012) and #14 (July 6, 2012) to announce the contribution increase. Copies of the check messages are attached for reference. State biweekly employers are encouraged to provide their employees with additional reminders of the coming rate increase.

State monthly, local government, and local education employers are asked to provide payroll messages or other notifications to inform their employees of the coming rate increase.

### **FUTURE INCREASES**

The July 1, 2012 increase is the **second** rate increase under the provisions of Chapter 78, which calls for PERS and TPAF employee pension contribution rates to increase over 7 years until the total pension contribution rate is **7.5%** of salary as of July 2018. The **third** contribution rate increase to 6.78% will be effective beginning July 1, 2013.

### **ADDITIONAL INFORMATION**

If you have questions regarding the information provided in this letter, contact the Division's Employer Education Unit at (609) 292-7524, or e-mail the Division at: [pensions.nj@treas.state.nj.us](mailto:pensions.nj@treas.state.nj.us)

Enclosure

*Centralized Payroll Check Message — Pension Rate Increase*

## **Centralized Payroll Check Message — Pension Rate Increase**

Under Pension and Health Benefit Reform, employee pension contribution rates will increase to 6.64% effective with the July 6, 2012 paycheck for all PERS and TPAF members who currently contribute 6.5% of salary.