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DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
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ANDREW P. SIDAMON-ERISTOFF  
*State Treasurer*

FLORENCE J. SHEPPARD  
*Acting Director*

October 11, 2012

**TO:** Certifying Officers, State and County Colleges and Universities

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

**SUBJECT: Update – Transition to Retirement Programs and Rescinding ABP Retirement**

On May 9, 2012, Acting Director Florence J. Sheppard advised all Alternate Benefit Program (ABP) employers and their staff that if there was no remedial correction to statutes to permit programs that had been referred to as “Transition to Retirement” by June 30, 2012, the Division’s position as stated in its July 1, 2011, communication on this subject would be implemented; all “Transition to Retirement” programs would need to be discontinued; and corrective measures would need to be taken with regard to your employees who had elected to participate in the program.

As background, on July 1, 2011, the Division released guidance relating to a practice at some, if not all, of the State’s public colleges and universities (including county colleges) offering programs referred to as “Transition to Retirement.” Under those programs employees, typically faculty members, retired from their full-time position with the institution, began collecting retirement benefits from the ABP, and continued employment with the institution in a reduced, part-time capacity. In some situations this practice may have been memorialized in a collective negotiations agreement. The ABP statutes do not authorize “Transition to Retirement” programs and, as such, the programs should not be utilized to qualify an employee for retirement benefits from the ABP. The Division did not take corrective action at that time since amendments to New Jersey’s Statutes to permit these programs were proposed.

Since no remedial correction to statutes has occurred, the Division is now implementing steps to discontinue these programs and correct actions taken by employers and employees under these programs in the past.

First, employers are advised that ABP members participating in “Transition to Retirement” programs will not be approved to receive any retirement benefits from the retirement system, including retiree health benefit coverage (if applicable), and those employees must continue participation under the ABP if their continued employment so permits.

Second, the Division requests a copy of all “Transition to Retirement” programs that have been in force through the employment agreements from January 2009 through July 2012.

Third, provide a list, in the format provided in attachment A of this notice, of all employees who have participated in a “Transition to Retirement” program since January 1, 2009. As you will see in the provided format, the Division is interested in the original date of retirement and the position from which the employee retired under the “Transition to Retirement” program, the date and position under which the employee continued employment under the “Transition to Retirement” program and if the subsequent employment has terminated.

Fourth, any ABP member who elected to retire under a “Transition to Retirement” program during calendar year 2012 only who wishes to rescind that retirement and continue participation under the ABP will be permitted to do so if:

- a) The member submits a written request to their employer to rescind their retirement;
- b) The employer confirms in writing that the retirement is rescinded and employment will continue;
- c) The member, working through their ABP service provider, cancels any request for benefit payment or, in the case of an account that has been withdrawn or is otherwise in payment status, returns the funds that were distributed to their investment provider to re-establish the ABP retirement account, and;
- d) The Division receives copies of the member’s and employer’s written confirmation of rescinding of retirement and the ABP service provider’s confirmation of cancelation or return of benefits.

Additional guidance will be provided concerning corrective actions that will be required for those employees who have participated in a “Transition to Retirement” program between 2009 and 2011 or in 2012 and are unable to re-establish their retirement account as outlined under the fourth step above. That guidance will be provided after the Division is able to analyze data requested under the second and third steps above and conferring with the Office of Employee Relations and the Office of the Attorney General. Therefore, your prompt attention is requested to allow for corrective action to take place as soon as is possible.

All information requested by the Division related to this matter should be forwarded to:

Attn: ABP Transition Project  
Bureau of DB & DC Plans Reporting  
New Jersey Division of Pensions and Benefits  
50 West State St  
PO Box 295  
Trenton, NJ 08625-0295

Any questions may be directed to this address or to the ABP Transition to Retirement Project call center at (609) 292-3440.

Enclosure

Attachment A - Transition to Retirement Participation List

