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Financial Corner

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Employment After Retirement in New Jersey: What Superintendents Need to Know (According to Fact Sheet 86)

New Jersey's public school leaders are navigating an increasingly complex staffing landscape. As districts face shortages in critical roles—from instructional staff to transportation and specialized services—retired employees often become an essential resource. Yet the rules governing *Employment After Retirement* under the New Jersey Division of Pensions & Benefits (NJDPB) are highly specific, and missteps can carry significant consequences for both the retiree and the district.

Retired New Jersey superintendents are increasingly being asked to return to service— whether to stabilize a district, mentor new leaders, or fill short-term vacancies. But returning to work in a New Jersey public school while collecting a pension is governed by strict rules. Fact Sheet 86 outlines these rules, and misunderstanding them can lead to suspension of benefits, repayment obligations, and mandatory re-enrollment in the pension system.

This article breaks down what you need to know before stepping back into a New Jersey school district.

1. <u>The Core Principle: You Must Have a "Bona Fide" Retirement</u>

New Jersey law requires a complete severance of employment before you can collect retirement benefits. This means:

- You must have fully separated from your employer.

- You cannot have a prearranged agreement to return.
- You must satisfy the required 30-day break in service (or longer if applicable).

If your retirement is not considered bona fide, your pension payments may be stopped and repayment may be required.

2. <u>Returning to Work in a New Jersey Public School District</u>

If you return to work in a position covered by PERS or TPAF, your pension may be affected depending on:

- The type of position
- The number of hours worked
- Whether the position requires enrollment in a pension system

A. Returning to Your Former Employer

This is the most restrictive scenario.

- Returning to your former district before meeting the required break in service (180 days) will invalidate your retirement.
- Even after the break, certain roles may trigger mandatory re-enrollment in TPAF or PERS.

B. Returning in a "Regular" (Pension-Eligible) Position

If the position requires enrollment in TPAF or PERS:

- Your retirement benefits will be suspended.
- You must re-enroll and resume pension contributions.
- When you retire again, your pension will be recalculated.

C. Returning in a "Non-Pension-Eligible" Position

Some roles—often interim or part-time—may be permissible without suspending your pension, provided:

- The role does not require pension system enrollment.
- You do not exceed any limits imposed by regulation.
- There was no prearranged agreement prior to retirement.

Districts often hire retired superintendents as interim superintendents, consultants, or mentors under these provisions.

3. <u>Employment Outside New Jersey Public Schools</u>

You may work without affecting your New Jersey pension if you are employed by:

- A private company
- The federal government
- Another state
- A non-public employer

These roles do not impact your retirement benefits, except in the case of disability retirees.

4. Consequences of Non-Compliance

Fact Sheet 86 is explicit: failure to follow the rules may result in:

- Suspension of retirement benefits
- Repayment of benefits received improperly
- Mandatory re-enrollment in the pension system
- Payment of pension contributions retroactively

The Division of Pensions & Benefits emphasizes that retirees and employers share responsibility for ensuring compliance.

5. When in Doubt, Get Confirmation

Because every employment scenario is unique, Fact Sheet 86 advises:

- You should inform any prospective employer that you are receiving a New Jersey pension.
- The employer should confirm with the NJ Division of Pensions & Benefits whether the position is permissible.
- If there is any uncertainty, the employer should contact NJDPB before you accept the position.

This step protects both you and the district.

6. Practical Guidance for Retired Superintendents

Before accepting a role:

- Confirm whether the position is pension-eligible.
- Ensure you have satisfied the required break in service.
- Avoid any pre-retirement discussions that could be interpreted as a prearranged agreement.
- Request written confirmation from the district that they have consulted NJDPB.

Common roles that may be permissible:

- Interim superintendent (under certain conditions)
- Consultant or advisor
- Mentor for new administrators
- Part-time instructional or support roles (if not pension-eligible)

Roles that typically trigger re-enrollment:

- Full-time superintendent
- Assistant superintendent
- Principal or other certificated administrative roles requiring TPAF enrollment

Conclusion

Returning to work after retirement can be rewarding and beneficial for New Jersey school districts—but only if done in full compliance with Fact Sheet 86. As a retired superintendent, your best protection is to:

- Understand the rules.
- Avoid prearranged employment.
- Confirm eligibility before accepting any position.

By following these guidelines, you can continue contributing to New Jersey's educational leadership landscape without jeopardizing your hard-earned retirement benefits.

If you are considering working after retirement and have any questions, contact Ginger Thompson at gingert@njasa.net to schedule an appointment with me to discuss these guidelines.