

Financial Corner

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What New Jersey Superintendents Need to Know About A-1675

Governor Murphy Signs New Law Extending TPAF Active Membership

On **October 1st**, Governor Phil Murphy signed **Assembly Bill A-1675**, legislation that significantly updates how the **Teachers' Pension and Annuity Fund (TPAF)** will handle temporary breaks in service. While the law primarily concerns pension administration, its practical impact falls heavily on **district operations, staffing stability, HR protocols, and payroll workflow** — all areas under the purview of New Jersey superintendents.

A-1675 extends the period during which employees can retain **active TPAF membership** even when they are temporarily off payroll, closing gaps that previously caused interruptions in pension eligibility, costly reinstatements, and administrative burdens for districts.

What are the differences between the 10-years and 15-years in the new law?

Previously, if a TPAF member had a lapse in service of 2 years or more, their account would be considered inactive. If they returned to a TPAF covered position, they would be enrolled in the current tier (currently Tier 5). This law now extends the time from 2 years to 10 years to return to the same tier they had at the time when they left.

For a TPAF member who had 10 years or more of continuous service at the time when they left, they will now have 15 years in which to return to a TPAF covered position and therefore continue enrollment in the same tier they had when they left. The second part of the 15-

year rule applies to any tenured TPAF member who is subject to a reduction in force (RIF). Now they will have 15 years to return to a TPAF covered position and still keep the tier they had when their position was eliminated.

For superintendents, this change carries implications in four major areas:

1. **Staff mobility and hiring**
2. **Leave management and workforce continuity**
3. **Payroll and pension compliance**
4. **District administrative efficiency and risk reduction**

1. A-1675 Improves Staff Mobility and Reduces Onboarding Barriers

Under the old rules, even normal breaks in service — such as summer transitions, late-board-approved appointments, or inter-district moves — could cause employees to fall out of active TPAF status. This created complications for districts, including:

- Delays in onboarding
- Extra enrollment and certification paperwork
- Errors or mismatches in state reporting systems
- Employee confusion about pension eligibility during hiring

A-1675 resolves these issues.

Impact on Superintendents

- Your district will face **fewer pension-related onboarding delays**, especially during the summer hiring surge.
- Teachers and other TPAF-eligible employees will transition between districts with fewer bureaucratic obstacles.
- Administrators can accelerate staffing decisions without concern that timing alone will jeopardize an employee's pension status.

This is particularly beneficial during the statewide teacher shortage, when hiring efficiency matters.

2. Stronger Leave Protection Enhances Workforce Stability

Temporary breaks in service — including unpaid medical leave, maternity/paternity leave, military leave, and approved personal leave — previously risked pushing employees into inactive status.

Once inactive, employees could lose:

- Service credit continuity
- Eligibility to apply for disability benefits
- Certain survivor protections
- Immediate return to contribution tracking upon rehire

A-1675 protects active status during these breaks, reducing unintended consequences.

Impact on Superintendents

- Employees returning from leave reenter the workforce **cleanly**, without needing special pension reinstatement procedures.
- You avoid unexpected pension-related issues that can complicate return-to-work decisions.
- The district can manage long-term leaves with greater confidence that the employee's pension status will remain intact.

This supports employee retention and morale, particularly for new parents or individuals on extended medical recovery.

3. Reduced Payroll Errors and Smoother Compliance

From a compliance perspective, payroll departments frequently struggled with:

- Accidental inactivation of TPAF accounts
- Reinstatement requests to the Division of Pensions & Benefits
- FY/AY transition gaps for a 10-month employee who becomes a 12-month employee
- System rejections when reporting contributions for members incorrectly marked inactive

A-1675 alleviates most of these issues by **keeping members active longer**.

Impact on Superintendents

- District payroll offices will experience **fewer reporting errors**, meaning less time diverted to troubleshooting pension problems.
- You will see **cleaner data acceptance** in state systems, reducing compliance risks.
- Fewer reinstatements mean fewer opportunities for administrative missteps or audit findings.

In short: **the law reduces operational friction for your business office.**

4. Increased Administrative Efficiency and Lower Risk Exposure

The law eliminates many unintentional membership lapses that previously triggered:

- Costly administrative corrections
- Multiple points of communication with the Division of Pensions
- Employee complaints or claims due to pension misunderstandings
- Delays in retirement processing for staff nearing eligibility

Impact on Superintendents

- Your HR, payroll, and benefits teams will spend **significantly less time** resolving avoidable issues.
- The district gains **more predictable staffing transitions**, especially during the summer.
- You reduce legal and ethical liability associated with pension miscommunication or misclassification.

Ultimately, A-1675 promotes a smoother workflow across your administrative departments.

Why Superintendents Should Care: The Bottom Line

A-1675 does more than adjust pension regulations — it directly supports **district leadership** by creating:

✓ A more stable workforce

Employees are less likely to experience pension anxiety or disruption during transitions.

✓ **More efficient hiring and rehiring cycles**

New and returning employees can be onboarded faster and with fewer complications.

✓ **Reduced administrative burden**

Your HR and payroll teams avoid work that previously consumed disproportionate time and resources.

✓ **Clearer, more predictable pension compliance**

Districts face fewer risks related to payroll reporting and eligibility errors.

What Superintendents Should Do Now

No formal district action is required, but superintendents may wish to:

1. **Inform HR and payroll administrators** about the new law's implications.
2. **Update internal onboarding and leave procedures** to reflect the extended active membership protections.
3. **Reassure staff** — especially those changing districts or returning from leave — that the pension system is now more stable and accommodating.
4. **Encourage cross-department communication** to ensure smooth implementation.
5. **Advise HR and payroll to not process any Tier-To-Tier transfers.**
6. **Recommend to TPAF Members to not withdraw or close any Former Membership Accounts.**

The Division of Pensions and Benefits has posted the following notice on their website home page in the NEWS section.

“Chapter 147, a new law that extends membership in the TPAF generally from two years to 10 years after discontinuance of service, and from 10 years to 15 years after discontinuance in certain situations, has been enacted. The Division of Pensions and Benefits is actively implementing this new law and converting the tiers and accounts of eligible members of the Teachers’ Pension and Annuity Fund. The Division is able to identify eligible members and will issue notices if additional information from membership is needed. **Please be advised that this process will take time, and impacted members will receive updates as processing occurs. We appreciate your patience.**”

A-1675: A Practical Win for New Jersey District Operations

For superintendents, A-1675 represents a rare legislative change that simultaneously:

- Improves employee experience,
- Streamlines administrative workflow, and
- Reduces compliance risk.

It aligns pension rules more closely with the reality of school staffing cycles and helps districts maintain a stable, secure, and well-supported workforce.

If you have questions regarding this new law or would like to schedule a pension or financial consultation, please contact Ginger Thompson at ginger@njasa.net.