CIRCULAR

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY

NO.: 27-07-DPB	ORIGINATING AGENCY: DIVISION OF PENSIONS AND BENEFITS	PAGE 1 OF 2
EFFECTIVE DATE: 07/01/2026	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 91-29-OMB
SUBJECT: EMPLOYEE MEMBERSHIP IN THE STATE'S RETIREMENT SYSTEM		
ATTENTION: DIRECTORS OF ADMINISTRATION AND DIRECTORS OF PERSONNEL		
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A. Purpose

This circular provides guidance on the timely enrollment of employees into the State's retirement system and outlines monitoring procedures to ensure compliance with enrollment deadlines.

B. Background

Membership in the State's retirement system is required as a condition of employment for all public employees unless they are specifically exempt by law. All eligible employees must be enrolled within one year of their compulsory enrollment date. The compulsory enrollment date is defined as: (1) the effective date of permanent appointment to a classified title; (2) the date of appointment for an unclassified appointment; or (3) after one year of continuous State employment for employees who are neither unclassified nor permanent.

When enrollment occurs beyond the one-year deadline, the employer is assessed a penalty equal to 50% of the employee's back deductions. Back deductions represent the total pension contributions an employee should have paid from their eligibility date to their actual enrollment date. This penalty requirement is established under N.J.S.A. 43:15A-7.18 and N.J.S.A. 43:16A-15.1B.

C. Current Issue

Delays in enrolling employees into the retirement system have resulted in the Division of Pensions and Benefits billing departments for 50% of the employees' back-deduction contributions. Most agencies are not remitting payment for these charges or seeking the necessary appropriations to address them.

D. Required Actions

1. Enrollment on Day of Eligibility

   To alleviate this problem, all appointing authorities must submit the enrollment application or transfer form on the day the employee meets the eligibility requirements. Once enrolled or transferred, the employee should be directed to the Member Benefits Online System (MBOS) to name or update their beneficiary designation.

2. Six-Month Review for Non-Eligible Employees

   For employees who are not eligible for enrollment on their date of hire (such as provisionals, temporary appointments, or interim appointments), the appointing authority must review the employee's enrollment eligibility every six months. Once the employee meets the requirements for enrollment, an enrollment application must be submitted immediately.

E. New Monitoring Procedures

1. Semi-Annual Reporting Process

   To assist agencies in maintaining accurate records, the Office of Management and Budget (OMB) Centralized Payroll Unit will produce semi-annual electronic reports on January 1 and July 1. These reports will list all State employees who have been employed for more than six months and are not having pension deductions taken from their pay. Upon completion, the Centralized Payroll Unit will transmit the report to the Division of Pensions and Benefits, which will subsequently distribute the report to each appointing authority via email.

2. Billing and Payment Monitoring

   If an employee is not enrolled within the one-year compulsory time period, the Division of Pensions and Benefits will bill the agency for 50% of the employee's back pension contributions. Copies of these bills will be submitted to OMB, which will monitor these transactions to ensure that the bills are paid in a timely fashion.

F. Compliance

All appointing authorities are expected to comply with these enrollment procedures and utilize the semi-annual reports to identify and enroll eligible employees promptly. Failure to enroll employees within the required timeframe will result in penalty assessments that must be paid by the agency.

Sonia Rivera-Perez

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