



State of New Jersey

PHILIP D. MURPHY
Governor

DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
P. O. Box 295

ELIZABETH MAHER MUOIO
State Treasurer

TAHESHA L. WAY
Lt. Governor

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www.nj.gov/treasury/pensions
August 21, 2025

JOHN D. MEGARIOTIS
Acting Director

Sent via email to: [REDACTED]
[REDACTED]

ZAZZALI P.C.
Albert J. Leonardo, Esq.
[REDACTED]
[REDACTED]

RE: Susan Russo
PERS [REDACTED]

FINAL ADMINISTRATIVE DETERMINATION

Dear Mr. Leonardo:

I am writing in reference to the decision of the Board of Trustees ("Board") of the Public Employees' Retirement System (PERS) denying Ms. Russo's request to recalculate the cost to purchase service credit based on her salary in 1999, or in the alternative, impose a delinquent enrollment penalty on her former employer pursuant to N.J.S.A. 43:15A-7.1.

The Board originally denied your request at its meeting of March 20, 2025. You filed a timely appeal of that determination on April 21, 2025. At its meeting of May 21, 2025, the Board found no genuine issue of material fact in dispute and denied your request for an administrative hearing. Thereafter, the Board directed the undersigned to draft a Final Administrative Determination. Findings of Fact and Conclusions of Law as outlined below were presented to and approved by the Board at its meeting of August 20, 2025.

FINDINGS OF FACT

The Board made the following factual findings.

The record before the Board establishes that on the enrollment application submitted on Ms. Russo's behalf on October 28, 1999, Paramus Board of Education (Paramus BOE) certified that she was hired and permanently appointed as a Teacher-Aide on September 1, 1999. Accordingly, she was enrolled in the PERS effective September 1, 1999. On the enrollment application, "Item 10. RECORD OF PUBLIC EMPLOYMENT" was left blank. At the time of her enrollment in the PERS a *Certification of Payroll Deductions* (Certification) was issued. Two copies were provided to her employer, one for the Paramus BOE to begin normal pension deductions and back deductions and one for the member's records. The Certification confirmed that Ms. Russo established membership in the PERS on September 1, 1999.

It was not until approximately twenty-three years later or on March 23, 2021, Ms. Russo submitted a purchase application, requesting to purchase her prior employment with Paramus BOE from November 1, 1997 through June 30, 1998. The Division denied Ms. Russo's request to purchase this period of employment via letters sent on May 26, 2021 and July 1, 2021. The Division noted that Paramus BOE "certified that you were provisionally employed for the period covering November 3, 1997 through June 30, 1998," a period of employment that did not result in her "receiving a permanent appointment in accordance with N.J.S.A. 43:15A-11."

In November 2022, Ms. Russo submitted another request to purchase the period from November 1, 1997 through September 1, 1999. Based upon the additional information submitted, the Division's Purchase Section determined that she was eligible to purchase as Temporary service her employment with the Paramus BOE from November 3, 1997 through June 30, 1999 (20 months) for a total of \$7,813.29. The Purchase Section provided her with a Purchase Cost Quotation (Quotation) and a Purchase Authorization Form (Authorization). The Quotation advised her that:

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The lump sum cost is based on your nearest age at the time of your request and your highest salary as a member of the retirement system.

Additionally, the Authorization stated:

This authorization is an agreement to purchase additional service credit. Lump-sum and partial payments cannot be refunded for any reason.

The Board notes that the Division of Pensions and Benefits' (Division) *Purchasing Service Credit* Fact Sheet¹ includes the following information: purchasing additional service credit does not change one's date of enrollment in the pension system; the cost of the purchase is based upon one's nearest age at the time the Division receives one's application and one's current annual salary or highest fiscal year posted to one's account, whichever is higher;² and lump-sum and partial payments cannot be refunded for any reason.

On May 19, 2023, Ms. Russo submitted a lump sum payment for the cost of this service and thus, 20 months of additional service credit were added to her total service in her PERS membership account. On that same date, Ms. Russo was notified of the receipt of her lump sum payment for the purchase of her Temporary service. From the time she began the purchase process, (March 23, 2021) and up until she made a lump sum payment (May 19, 2023) she did not request the recalculation of the cost to purchase the service credit based on her salary in 1999, or in the alternative, impose a delinquent enrollment penalty on her former employer. N.J.S.A. 43:15A-7.1.

On May 31, 2023, you wrote to the Purchase Section requesting that her recent purchase be recalculated as a delinquent enrollment or to recalculate the purchase based on her age and salary at the time of her enrollment, i.e. September 1, 1999. By letter dated August 7, 2023, you were advised that your request was referred to the Enrollment Section for review. On June 22,

¹ <https://nj.gov/treasury/pensions/documents/factsheets/fact01.pdf> (last accessed August 13, 2025).

² N.J.S.A 43:15A-11

2023, Ms. Russo submitted an *Application for Retirement Allowance*, requesting a Service retirement effective August 1, 2023, which the Board approved at its meeting of August 16, 2023.

By letter dated December 24, 2024, the Enrollment Section informed you that the purchase of additional service credit does not change Ms. Russo's date of enrollment in the PERS and therefore no liability would be assessed for a delayed enrollment and that no refund can be made for the lump-sum purchase of additional service credit. Thereafter, you appealed the Division's determination to the Board. At its meeting of March 20, 2025, the Board denied your request. You filed a timely appeal of that determination on April 21, 2025. At its meeting of May 21, 2025, the Board found no genuine issue of material fact in dispute and denied your request for an administrative hearing. Thereafter, the Board directed the undersigned to draft detailed Findings of Fact and Conclusions of Law.

CONCLUSIONS OF LAW

The Board made the following legal conclusions.

Pursuant to statute and regulation, PERS members are permitted to purchase prior service credit. N.J.S.A. 43:15A-73.4. However, the rules undergirding the PERS do not provide for the refund of monies used to purchase pension service credit. In making its determination, the Board relied on the plain language of N.J.A.C. 17:1-4.1(a), which provides, in pertinent part:

A member who authorizes a purchase of service credit may cancel that purchase at any time on a prospective basis only. No refunds will be made of any lump sum payments, partial payments or installment payments.

The Board notes that the Quotation sent to Ms. Russo included details regarding the cost of the purchase and the authorization indicated that "Lump-sum and partial payments cannot be refunded for any reason." In addition, as noted above, the Division's Fact Sheet clearly indicated that the purchase does not change the date of enrollment, the highest salary the member earned during their PERS membership would be used to calculate the purchase, as well as that no

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refunds would be made for any lump sum (or partial) payments. Thus, Ms. Russo was on notice that she would not be entitled to a refund on the purchase monies.

Ms. Russo was clearly notified that she did not establish membership in the PERS until September 1, 1999, even though she had been employed with the Paramus BOE since November 1, 1997. There is no evidence in the record that Ms. Russo questioned her effective enrollment date in the PERS until after she purchased 20 months of additional service credit in May 2023, nearly 24 years after her enrollment. At any point during the intervening period, Ms. Russo could have contacted the Division to inquire about her eligibility for PERS enrollment based on her employment with Paramus BOE prior to September 1, 1999. However, this did not occur. Rather, Ms. Russo purchased the service credit, the stipulations of which were clearly outlined to her.

Based on the reasons stated herein, the Board denied Ms. Russo's request to refund her purchase or impose a delinquent enrollment liability on her employer.

As noted above, the Board has considered all documentation in the record. Because this matter does not entail any disputed questions of fact, the Board was able to reach its findings of fact and conclusions of law on the basis of the retirement system's enabling statutes the need for an administrative hearing. Accordingly, this correspondence shall constitute the Final Administrative Determination of the Board of Trustees of the Public Employees' Retirement System.

You have the right to appeal this final administrative action to the Superior Court of New Jersey, Appellate Division, within 45 days of the date of this letter in accordance with the Rules Governing the Courts of the State of New Jersey.

All appeals should be directed to:

Superior Court of New Jersey
Appellate Division
Attn: Court Clerk
PO Box 006
Trenton, NJ 08625

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Sincerely,

A handwritten signature in black ink, appearing to read "Jeff S. Ignatowitz". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jeff S. Ignatowitz, Secretary
Board of Trustees
Public Employees' Retirement System

G-8/MER

C: S. Scott (ET)

Susan Russo (via regular mail)