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**A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS**

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# Back Pay Settlements and Retirement Credit

Public Employees' Retirement System • Teachers' Pension and Annuity Fund  
Police and Firemen's Retirement System • State Police Retirement System

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## AWARDS OF BACK PAY

A member who appeals the suspension or termination of his or her employment and who, by award or settlement, becomes entitled to full pay for all or a part of the employment during the suspension or termination shall receive service credit for the period covered by the award or settlement. This is provided that a full normal pension and, if applicable, contributory life insurance contribution is received from the member or is deducted from the value of the award.

The member must receive **full back pay**, including normal salary increases before mitigation and the contributions will be computed on the base salaries that the employee would have earned for the reinstated or terminated period.

In the event that the amount of back payment, after mitigation, is insufficient to deduct the value of the normal pension contributions and, if applicable, the contributory group life insurance due, such contribution shall be paid by the member to the retirement system by certified check or money order.

## EMPLOYER'S RESPONSIBILITIES

The certifying officer is responsible for providing the Division of Pensions and Benefits with the following:

1. A letter attesting to the base salary or salaries to be used to compute pension contributions.
2. A copy of the resolution or legal document that details the terms of the settlement. This settlement agreement must specifically state:
  - a. **That an award of back pay has been made to the member.**
  - b. **The amount of back pay.**
  - c. **The dates covered by the award.**

This information, along with pension and contributory life insurance premiums, if applicable, should be sent to the attention of the Supervisor of the Audit Section, Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295. The Division cannot process a settlement agreement that does not contain this required information.

Members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System who are covered under the contributory group life insurance must remit life insurance premiums. These premiums are computed on the same base salary as the pension contributions and remitted in the same manner as described above.

Once the required information and contributions have been received and audited, the member will be credited with service for the period covered by the award.

To determine the pension contributions due, you should use the appropriate base salary(ies) as previously explained in "Awards of Back Pay". **The pension rate to be used is determined by the rate in effect for the reinstated period.**

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