TO: Certifying Officers of the Judicial Retirement System  
FROM: Florence J. Sheppard  
Acting Director, Division of Pensions and Benefits  

SUBJECT: Chapter 78, P.L. 2011 — Pension Changes for the Judicial Retirement System (JRS)

Governor Christie recently signed Chapter 78, P.L. 2011, into law which implements changes to the State-administered retirement systems. This letter addresses the changes specific to the Judicial Retirement System (JRS). Chapter 78, P.L. 2011 became effective June 28, 2011.

Note: This letter addresses pension-related changes under Chapter 78, P.L. 2011. Information about changes to employee health benefits will be provided through separate correspondence.

JRS EMPLOYEE CONTRIBUTION RATE CHANGES

Under the provisions of Chapter 78, P.L. 2011, the JRS employee pension contribution rate will see a phased increase of an additional 9% of salary over 7 years with the first increase beginning October 2011. Subsequently, the contribution rate will increase by 1.28% each year with the first payroll of July until the additional 9% contribution rate is reached in July 2017.

The increase in the JRS pension contributions will be calculated in one of two different ways depending upon when an individual was enrolled into the JRS.

- For JRS members enrolled into the retirement system on or after January 1, 1996, the initial increase in October to the pension contribution will be calculated at a rate of 4.28% of all compensation. That rate will increase by 1.28% with the first payroll of July 2012 and each first payroll in July thereafter until a total rate of 12% is reached in July 2017.

- For JRS members enrolled into the retirement system before January 1, 1996, the current 3% contribution will continue to be calculated as it currently is. However, the additional 9% contribution required under Chapter 78 is applied to all compensation and phased in over the seven-year period. Thus, the initial increase in October to the pension contribution will be calculated separately using one rate for the salary of that member’s current position as of January 18, 1982, and a separate rate for the balance of the member’s compensation in...
excess of that January 18, 1982, compensation. The rate applied to the compensation equal to the member’s current position as of January 18, 1982, will be the phased in 9% contribution only. The rate applied to the excess of that January 18, 1982, compensation will be 3% plus the phased in 9% contribution. So, beginning in October 2011, the rates for this group will be 1.28% for the compensation as of January 18, 1982, and 4.28% on any compensation exceeding that January 18, 1982, compensation.

The increase in the JRS employee contribution rate will also increase the minimum repayment amount for pension loans or the cost for a purchase of service credit if certified after the employee’s effective date of change.

**JRS RETIREMENT**

Chapter 78, P.L. 2011, did not change any of the retirement provisions of the JRS. These benefits are discussed in detail in Fact Sheet #61, *JRS Survivor Benefits and Pension Options*, or in the *JRS Member Handbook* — the handbook is being thoroughly revised and expected to be reissued on the Division’s Web site in the near future.

**COLA SUSPENDED FOR ALL RETIREES**

Under a provision of Chapter 78, P.L. 2011, *Cost-of-Living Adjustments (COLA) are suspended* for all current and future retirees of all retirement systems — including the JRS. There is no reduction to any COLA increases that were already added to retiree benefits prior to the effective date of the law.

Chapter 78 also permits the State House Commission to consider reinstating the COLA when the retirement system reaches a “target funded ratio” established by the law. At that time, the State House Commission is to give the reactivation of the COLA priority consideration.

*Note:* “Target funded ratio” means a ratio of the value of assets against the accrued liabilities of 75% and increasing annually by equal increments over seven fiscal years to a ratio of 80%.

**ADDITIONAL INFORMATION**

This letter is intended to provide employers with a general overview of the changes put into place by Chapter 78, P.L. 2011. Additional administrative information will become available as the Division of Pensions and Benefits completes the procedural and programming changes needed to implement the provisions of this legislation.

When available, revised publications and forms will be posted to the Division of Pensions and Benefits Web site at: [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)

If you have general questions regarding Chapter 78, P.L. 2011, or any of the information provided in this letter, contact the Division’s Employer Education Unit at (609) 292-7524, or e-mail the Division at: [pensions.nj@treas.state.nj.us](mailto:pensions.nj@treas.state.nj.us)