

# Conversion of Group Life Insurance

All Funds

If you are covered by group life insurance while employed, the coverage ends 31 days after you cease employment (whether for reason of retirement, termination of employment, or leave of absence without pay).

You have the option to convert your group life insurance coverage to an individual policy with the Prudential Insurance Company when you retire, terminate employment, or lose coverage while on a leave of absence without pay. **This conversion to a Prudential policy is guaranteed (you cannot be denied coverage for health or other reasons), but it may be more expensive or less suitable to your needs than other policies for which you may qualify from Prudential or other insurance carriers.** You can estimate the cost of converting your policy by using the Group Life Insurance Conversion Calculator on the Division of Pensions and Benefits Web site at: [www.state.nj.us/treasury/pensions/conversion-calc.shtml](http://www.state.nj.us/treasury/pensions/conversion-calc.shtml)

You should contact other insurance carriers and compare the available policies and costs before you decide to purchase the conversion policy. (Other carriers may accept or reject your application based on their evaluation of the status of your health and other factors.) **If you wish to purchase a conversion policy, you have a one time option to do so prior to the 31st day after you cease employment. After that date, you will not be eligible to purchase a conversion policy.**

You may convert your life insurance to any individual, non-group policy customarily offered by Prudential. However, you cannot convert to term insurance or a policy containing disability benefits. Under a guaranteed conversion, you pay premiums at Prudential's "standard" rates for the type of policy to which you would be converting. The individual policy will be effective at the end of the 31 day conversion grace period. If you do not convert to an individual policy by the end of the 31 day period, your coverage will end.

To initiate the purchase of a conversion policy, you must contact the Prudential Insurance Company (not the Division of Pensions and Benefits) at 1-877-889-2070 or 1-800-262-1112, or through any of Prudential's local offices. You will need your group insurance policy number, as follows:

- G-14800 - This is the policy number for the basic (noncontributory) group life insurance for the following retirement systems: ABP<sup>1</sup>, PERS<sup>2</sup>, TPAF<sup>3</sup>, JRS<sup>4</sup>, PFRS<sup>5</sup>, SPRS<sup>6</sup>, DCRP<sup>7</sup>
- G-13900 - This is the policy number for the contributory group life insurance for PERS
- G-14300 - This is the policy number for the contributory group life insurance for TPAF

The conversion policy can be for any amount of insurance up to the amount that you had while employed. (In the case of a retirement the maximum amount that you can purchase will be reduced by the amount of any life insurance that you will automatically receive in retirement under your retirement plan. See example under Retirement.) *To protect your conversion privilege it is suggested that you send your application for conversion to Prudential with at least one month's premium, at the time you file your retirement application with the Division of Pensions and Benefits (however, you cannot file to convert your life insurance any earlier than six months prior to your retirement date).*

The following provides detailed information about conversion policies for the specific situations of retirement, i.e., deferred retirement, disability retirement, and termination of employment, or leave of absence.

## RETIREMENT

If you retire with 10 or more years of service credit in the retirement system, the amount of your group life insurance will be substantially reduced when you retire. The amount of your coverage will be listed in the *Quotation of Retirement Benefits* that you will receive prior to your retirement. It will be identified as the "Lump Sum Death Benefit." You will automatically be covered by this insurance and do not need to do anything to qualify.

<sup>1</sup>ABP — Alternate Benefit Program

<sup>2</sup>PERS — Public Employees' Retirement System

<sup>3</sup>TPAF — Teachers' Pension and Annuity Fund

<sup>4</sup>JRS — Judicial Retirement System

<sup>5</sup>PFRS — Police and Firemen's Retirement System

<sup>6</sup>SPRS — State Police Retirement System

<sup>7</sup>DCRP — Defined Contribution Retirement Program

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If you retire with less than 10 years of service credit in the retirement system, you will not receive any group life insurance coverage (for the exception, see "Disability Retirement" below).

The reduction (or elimination) of your life insurance coverage will be effective 31 days after your date of termination. If you wish to supplement this coverage with either a conversion policy from Prudential or another type of policy from Prudential or another insurance carrier, it is best to begin exploring your options four to six months prior to your retirement.

**EXAMPLE:** If you had group life insurance of \$96,000 through the retirement system while employed, and that life insurance coverage drops to \$6,000 at retirement, you can purchase up to \$90,000 in life insurance coverage under an individual non-group policy by contacting a Prudential agent before 31 days following your termination of employment.

#### **Deferred Retirement\***

Your life insurance coverage will end 31 days after termination of employment. Any life insurance coverage to which you are entitled upon retirement will not take effect until you reach the normal retirement age for your retirement system and begin to receive retirement benefits (age 60 for Tier 1 and Tier 2 or age 62 for Tier 3 or Tier 4 of the PERS or TPAF; age 60 for JRS; age 55 for PFRS or SPRS).

You have a one-time option to purchase a conversion policy prior to **the 31st day after termination of employment** (*not at the time that you reach normal retirement age*). The maximum amount of coverage you may purchase will be the difference between the amount of coverage you had while employed and the amount of coverage you will automatically receive when you begin to receive retirement benefits.

#### **Disability Retirement\***

If you are approved for a disability retirement you will be automatically covered by life insurance until you reach age 60 for PERS, TPAF, and JRS, or age 55 for PFRS and SPRS. The amount of this coverage will be equal to the amount of the noncontributory insurance coverage you had while employed.

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*\*Does not apply to the ABP or the DCRP.*

You will have the option to purchase a conversion policy up until the day you reach normal retirement age for your retirement system. The maximum amount of coverage you may purchase will be the difference between the amount of noncontributory coverage you had while employed and the amount of coverage you will automatically receive when you reach the normal retirement age.

**If you also had contributory life insurance while employed, you may convert the amount of your contributory insurance until 31 days after termination of employment.** Whether or not you exercise this option, you will still have the option to convert the noncontributory portion of your life insurance up until the day that you reach normal retirement age.

#### **TERMINATION OF EMPLOYMENT OR LEAVE OF ABSENCE**

If you terminate employment without applying for retirement or your insured period during a leave of absence expires, you will continue to be covered for the next 31 days. Up until the end of that 31 day period, you may convert your group life insurance, without medical examination, to any individual policy customarily offered by Prudential except term insurance or a policy containing disability benefits.

**EXAMPLE:** If you had group life insurance of \$96,000 through the retirement system while employed, that life insurance coverage is eliminated when you terminate employment. You can purchase up to \$96,000 in life insurance coverage under an individual non-group policy by contacting a Prudential agent before 31 days following your termination of employment.

#### **RETURN TO PUBLIC EMPLOYMENT**

If you return to public employment after purchasing a conversion policy, you must discontinue your individual conversion policy. Otherwise, you are required to submit satisfactory proof of insurability before you can be covered again in full under a group life insurance policy.

**The Division of Pensions and Benefits cannot provide premium rates for converted life insurance policies. Please contact a Prudential agent for this information.**

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