

Death Benefits

State Police Retirement System

GROUP LIFE INSURANCE BENEFITS

The State pays the cost of your group life insurance coverage. Group life insurance is provided through policies issued by the insurance carrier (Prudential Group Life Insurance). When you first enroll in the State Police Retirement System (SPRS), you receive an individual certificate from the Division of Pensions and Benefits which you should keep with your important papers.

ACTIVE COVERAGE

If your death occurs **in active service** before retirement and is not the result of an accident in the performance of your regular assigned job duties (see **Accidental Death** on page 2), your named beneficiary (or estate where there is no named beneficiary) will receive a death benefit equal to 3 1/2 times your final compensation, i.e. the base or contractual wages (**including** maintenance) you received during the preceding 12 months. (If you waived your group life insurance coverage over \$50,000, your death benefit would be \$50,000.) If you die during the first year of creditable service, the benefits will be computed at the annual rate of contribution.

Life insurance coverage above \$50,000 provided through employment may be subject to federal and state taxes. To avoid federal or state taxation of life insurance coverage, members of the SPRS may elect to waive non-contributory group life insurance benefits in excess of \$50,000. If this situation affects you, you may want to request the Division of Pensions and Benefits' Fact Sheet #22, *Waiver of Noncontributory Group Life Insurance over \$50,000*.

If you are unsure of your beneficiary designations, you may obtain this information online using the **Member Benefits Online System** (MBOS). You must be registered with MBOS. To begin the process go to: www.state.nj.us/treasury/pensions/mbosregister.htm

If you are unable to access MBOS you can make a request in writing for the names of the beneficiaries on file with the Division of Pensions and Benefits. Write to the address below and include your name, Social Security number, and signature.

If you wish to **change** your beneficiary designation, you can safely do so using the MBOS system at www.state.nj.us/treasury/pensions. The new designations will become effective immediately. If you are unable to access MBOS you can submit a *Designation of Beneficiary* form which is available from your employer, by contacting the Division of Pensions and Benefits.

RETIRED COVERAGE

If you die **after retirement**, your named beneficiary (or estate where there is no named beneficiary) will receive group life insurance equal to 1/2 of your final compensation.

If you retire on a Disability Retirement, the amount will be equal to 3 1/2 times your final compensation until age 55, when it will be reduced to 1/2 of final compensation.

Life insurance is in force after retirement only if you retired with 10 or more years of pension membership credit or retired on a disability retirement.

As of this printing retirees are not yet able to access their beneficiary information online. If you are unsure of your designation, you can make a request in writing for the names of the beneficiaries on file. Write to the Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 and include your name, Social Security number, and signature.

To change beneficiaries, retired members must submit a *Designation of Beneficiary* form which is available on the Division's Web site at www.state.nj.us/treasury/pensions or from the Office of Client Services at (609) 292-7524.

PAYMENT OF GROUP LIFE INSURANCE

Active members can designate how their group life insurance benefits will be paid (group life insurance for retirees **must** be paid in a lump-sum). If you choose Lump-Sum, your beneficiary can pick another payment option. The options are:

- **Lump-Sum** is the entire proceeds taken as a single, one-time payment.
- **Annuity Certain** is equal installments over a period of years. If your beneficiary dies before all the payments have been made, the remaining monies will be paid in a lump-sum to your beneficiary's designated beneficiary.
- **Life Annuity** is paid monthly to your beneficiary for life. Payment continues even if your beneficiary outlives the actual amount of the benefits. For this reason, the value of the annuity is based on the amount payable and the life expectancy (age) of your beneficiary. All payments cease when your beneficiary dies.
- **Other** possibilities include options provided by the insurance company (Prudential Group Life Insurance) to its ordinary life policyholders.

These death benefits cannot be paid until all the necessary information and forms have been received by the Division of Pensions and Benefits. To report a death, contact Client Services at (609) 292-7524.

LIFE INSURANCE ON LEAVE OF ABSENCE

Your group life insurance coverage will continue in full force for an official leave of absence without pay under the following conditions:

- up to two years while on an official leave of absence for personal illness.
- up to one year while on an official leave to fulfill a residency requirement for an advanced degree or as a full-time student at an institution of higher education.
- up to 93 days while on an official leave for personal reasons.

A member who has been suspended without pay is covered for group life insurance during the period of suspension.

CONVERSION OF GROUP LIFE INSURANCE**Termination or Leave of Absence**

If you terminate employment before retirement, or if your insured status while on a leave of absence expires, you will continue to be covered under group life insurance for the following 31 days. During that period you may convert your group life insurance, without medical examination, to an individual policy with Prudential. You may select any type of individual policy customarily offered by Prudential except term life insurance or a policy containing disability benefits. The premiums will be the same as you would pay if you were applying for a private policy at your current age.

Example: If your compensation in the twelve months prior to your termination or leave of absence was \$30,000, your death benefit would be \$105,000 ($3\frac{1}{2} \times \$30,000$). If you decide to convert your coverage, you could purchase up to \$105,000 worth of life insurance.

Retirement

When you retire, your group life insurance will be reduced (see page 1). Within the 31-day period following your termination of employment, you may convert the difference between the amount of life insurance you had before you retired and the reduced amount in effect at retirement to an individual policy.

Example: If the base salary you earned in the twelve months prior to retirement was \$30,000, your total death benefit as an active member would be \$105,000 ($3\frac{1}{2} \times \$30,000$). Once you retire, that benefit would be reduced to \$15,000. If you decide to convert your coverage, you could purchase up to \$90,000 ($\$105,000 - \$15,000$) worth of life insurance.

To initiate a conversion, contact any Prudential Insurance agent or call 1-800-524-0542; if you live in New Jersey, call 1-800-262-1112. You will need to provide the group insurance policy number

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(G14800) and your individual certificate number (your SPRS membership number). If you do not convert your group life insurance by the end of the 31-day period, your active coverage will terminate.

PAYMENT OF PENSION TO A SURVIVING FAMILY MEMBER

The terminology used to describe “family” in the explanations of SPRS benefits are explained below.

Spouse — This is a person of the opposite sex to whom you are legally married. A photocopy of the *Marriage Certificate* is required.

Civil Union Partner — This is a person of the same sex with whom you have entered into a civil union. A photocopy of the *New Jersey Civil Union Certificate* or a valid certification from another jurisdiction that recognizes same-sex civil unions is required (see Fact Sheet #75, *Civil Unions*, for details).

Domestic Partner — This is a same-sex domestic partner, as defined under Chapter 246, P.L. 02003, the Domestic Partnership Act, of any State employee, State retiree, or an eligible employee or retiree of a local public entity if the local governing body adopts a resolution to provide Chapter 246 benefits. A photocopy of the *New Jersey Certificate of Domestic Partnership* dated prior to February 19, 2007 or a valid certification from another jurisdiction that recognizes same-sex domestic partners is required (see Fact Sheet #71, *Benefits Under the Domestic Partnership Act*, for details).

Parent(s) — mean your parent(s) who was receiving at least one-half support from you in the 12 months immediately preceding your death or the accident, which led to your death. The dependency of the parent will be considered terminated if they remarry after the death of the member.

Child(ren) — means your unmarried child(ren):

- under the age of 18; or
- any age, who at the time of your death, is disabled because of mental or physical incapacity

and is incapable of substantial gainful employment because of the impairment. This incapacity must last or be expected to last for a continuous period of not less than 12 months as determined by the SPRS Medical Review Board.

Upon your death as an active or retired member, two benefits are payable. A monthly pension to a specific family member(s) and group life insurance. The monthly pension to a family member is explained below.

Note: “Final Compensation” means the salary upon which pension contributions were based in the last 12 months of creditable service preceding the member’s retirement or death. It includes the value of the maintenance allowance for this same period.

Active Member

Upon your death as an active member, your surviving spouse, civil union partner, or eligible domestic partner is eligible to receive a pension benefit equal to 50 percent of your Final Compensation.

If there is no surviving spouse or partner, the following benefit is payable to your eligible children:

- 50 percent of Final Compensation to three or more eligible children;
- 35 percent of Final Compensation to two eligible children; or
- 20 percent of Final Compensation to one eligible child.

If there is no surviving spouse, partner, or children, a pension is paid to your eligible parents as follows:

- 25 percent of Final Compensation to one parent; or
- 40 percent of Final Compensation to two parents.

If there is no surviving spouse, partner, children, or parents, the employee contributions are paid to your beneficiary.

Retired Member

Upon your death as a retired member, your surviving spouse, civil union partner, or eligible domestic

partner is eligible to receive a pension benefit equal to 50 percent of your Final Compensation.

If there is no surviving spouse or partner, the following benefit is payable to your eligible children:

- 50 percent of Final Compensation to three or more eligible children;
- 35 percent of Final Compensation to two eligible children; or
- 20 percent of Final Compensation to one eligible child.

A surviving spouse, civil union partner, or eligible domestic partner may continue health coverage through the SHBP as long as he or she was listed as a dependent at the time of death. It will be the survivor's responsibility to pay for the cost of the coverage.

ACCIDENTAL DEATH BENEFITS

If you die as a result of an accident during the performance of your regular or assigned duties, and your death is not a result of your willful negligence, your survivors are entitled to special Accidental Death benefits. A report of death must be filed with the Division of Pensions and Benefits within 60 days of the accident. In order for your survivor to claim benefits, an *Application for Accidental Death Benefits* must be filed with the Division of Pensions and Benefits within five years of the date of your death.

Accidental death benefits are in addition to any group life insurance benefits which may be payable.

In the case of Accidental Death, your eligible surviving spouse or partner is paid an annual pension. This benefit is a lifetime benefit to your surviving spouse or partner.

The surviving spouse or partner pension benefit is equal to 70 percent of your Adjusted Final

Compensation, in addition to employer-paid health benefits.

"Adjusted Final Compensation" means your final compensation or, as the case may be, final compensation increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active SPRS members after your death and before the date on which you would have accrued 25 years of service under an assumption of continuous service. At the time at which you would have reached 25 years of continuous service, that amount will become fixed and then eligible for annual cost-of-living adjustments.

If there is no eligible surviving spouse or partner or your spouse or partner dies, a pension will be paid to your eligible dependent children, under the age of 18, at the rate of:

- 50 percent of final compensation to three or more eligible children;
- 35 percent to two eligible children; or
- 20 percent to one eligible child.

This benefit also applies to your child of any age who is mentally or physically disabled and incapable of gainful employment due to this impairment. This condition must be expected to last for not less than 12 months as determined by the SPRS Medical Review Board.

If there is no eligible surviving spouse, partner, or children, a pension will be paid to your surviving parents, if they were dependent on you for at least 50 percent of their income, as follows:

- 25 percent of final compensation to one eligible parent or
- 40 percent of final compensation to two eligible parents.

If a parent remarries, the benefit ceases.

This fact sheet has been produced and distributed by:

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This fact sheet is a summary and not intended to provide total information.

Although every attempt at accuracy is made, it cannot be guaranteed.
