

# Legislative Retirement Benefits

Public Employees' Retirement System (PERS)

As a member of the State Legislature, you are entitled to all the privileges of membership in the Public Employees' Retirement System (PERS). A summary of your PERS benefits can be found in the *Public Employees' Retirement System Member Handbook*.

In addition to your regular PERS member benefits, as a legislator, you qualify for a Special Legislative Retirement benefit at age 60. Also, after 8 years as a legislator, rather than the 10 years needed by other PERS members, you would qualify for a Deferred Retirement (see description on page 2). The various types of retirement available to you as a legislative member are explained below.

## TYPES OF RETIREMENT

### Special Legislative Retirement

As a legislator, you may retire at age 60 with no minimum service requirement. If your only public service credited in the PERS is as a legislator, your retirement allowance will be based on 3% of your Final Average Salary for each year of service as a legislator. "Final Average Salary" means your salary subject to pension deductions in your last three years of service or your three highest fiscal years (July - June), whichever provides the larger benefit. Your retirement allowance can be no more than two-thirds of your Final Average Salary.

The following example demonstrates the calculation for a legislator (age 60 or older) retiring with 12 years of legislative service and no other PERS service credit.

#### Special Legislative Retirement

Final Average Salary = \$49,000

Service = 12 years X 3% = 36%

\$49,000 X 36% = **\$17,640** annual retirement allowance

Value of group life insurance in retirement equals 3/16ths of salary in final year.

\$49,000 X 3/16 = **\$9,187**

### Service Retirement (Non-Legislative)

If you have other public service credited in the PERS in addition to your legislative service, your retirement allowance will be calculated three ways to determine which method provides the highest benefit. The alternative methods of calculation are listed below:

1. **Special Legislative Retirement** allowance (years of legislative service X 3% X Final Average Salary)
2. **PERS Service Retirement\*** allowance (years of PERS service ÷ 55 X Final Average Salary)
3. **Combined retirement** allowance (sum of a Special Legislative Retirement allowance and a regular PERS retirement allowance based on non-legislative service).

An example of a calculation of retirement benefits for a legislator, age 60, with non-legislative service credit is shown in the chart on page 2.

In the example, the third calculation produces the highest allowance of the three and therefore represents the retirement allowance the legislator will receive. The value of the group life insurance benefit at retirement is 3/16<sup>th</sup> of his or her total final salary of \$64,000, or \$12,000. In the event the first calculation represented the highest possible allowance the member would have received a refund of the unused pension contributions for his or her non-legislative service.

The Division of Pensions and Benefits will carefully review all calculation possibilities at retirement to ensure that you receive the highest benefit permitted by statute. Legislators with more than 8 years of legislative service or who are 58 years of age or older are encouraged to contact the Division of Pensions

\* The PERS Service Retirement will be based upon all credited public service and salary considered as regular PERS service. You will not receive duplicate service credit for any period during which you were contributing to the retirement system based on concurrent service for both legislative and non-legislative public service as no more than 12 months of service credit will be counted for any calendar year. A PERS Veteran Retirement allowance will be calculated if applicable.

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**Calculation of Retirement Benefits for Both Legislative and Non-Legislative Service**

<u>Position</u>	<u>Service</u>	<u>Final Average Salary</u>
Legislature	10 years	\$49,000
Non-Legislative Position the last 10 of which were concurrent with the legislative service	11 years	\$15,000
Three highest years of salary (averaged) when salary is combined		\$64,000

<u>Calculation Type</u>	<u>Final Average Salary</u>	X	<u>Benefit Percentage</u>	=	<u>Retirement Allowance</u>
1. Special Legislative Retirement Allowance	\$49,000 <small>(Based on 10 yrs. legislative service)</small>		30% <small>(10 yrs X 3%)</small>		\$14,700
2. Regular PERS Retirement Allowance	\$64,000 <small>(Based on all public service credit 11 yrs)</small>		20% <small>(11 yrs ÷ 55)</small>		\$12,800
3. Combined Allowances (Legislative)	(\$49,000 - 10 yrs)		30%		(\$14,700)
(Non-legislative)	(\$15,000 - 11 yrs)		20%		(\$3,000)
					<u>\$17,700</u>

and Benefits to request a retirement estimate to aid in retirement planning.

**Additional types of retirement available to legislators whose public service careers include non-legislative service credit in the PERS follow.**

**Deferred Retirement**

If you leave all positions covered by the PERS before age 60, and have at least 8 years of legislative service credit in the PERS, you may apply for a Deferred Retirement. Your retirement would be effective on the first of the month following your 60th birthday. Your retirement allowance would be calculated in the same way as the Service Retirement explained above.

**Early Retirement**

If you have at least 25 years of service credit in the PERS, you qualify for an immediate retirement allowance, regardless of your age. Your retirement allowance would be calculated by dividing your years of service credit by 55 and multiplying that by your Final Average Salary (years/55 X FAS). If you are under age 55, your allowance is permanently reduced 1/4 of 1 percent for each month under that age (3% per year).

**Veteran Retirement**

If you are a military veteran who continues in employment covered by the PERS until at least age 60, and have credit for 20 or more years of service in the PERS, or have 25 years of service at age 55, you qualify for a retirement allowance based on 54.5 percent of your highest 12 consecutive months of salary. Veterans with 35 or more years of service who continue in employment covered by the PERS until at least age 55 can have their retirement calculated by dividing their years of service by 55 and multiplying that by the salary in their final year of service rather than the average of three years (years/55 X final year of salary).

**Disability Retirement**

If you become totally and permanently disabled, you may apply for an Ordinary Disability retirement if you have at least 10 years of service credit in the PERS. Your retirement allowance would be based on 1.64 percent of your Final Average Salary for each year of service credit with a minimum of 43.6 percent of Final Average Salary.

If you become totally and permanently disabled as a result of a traumatic event that happened during and as a direct result of carrying out your regular or

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assigned job duties, you may apply for an Accidental Disability retirement. Your retirement allowance would be based on 72.7 percent of your salary at the time of the traumatic event.

More information on qualifying and applying for a disability retirement can be found in Fact Sheet #15, *Disability Retirement Benefits*.

#### **Optional Settlements at Retirement**

The calculations for each type of retirement shown above produce the largest amount available to you, also known as the Maximum Option. When you apply for retirement you may reduce your retirement allowance to provide a benefit to a survivor upon your death. Several alternative options are available that provide either a lump-sum benefit or a monthly pension to your beneficiary. These options are explained in Fact Sheet #5, *Pension Options*.

#### **HEALTH BENEFITS IN RETIREMENT**

If you were covered by the State Health Benefits Program (SHBP) until your retirement date, you will be offered continued SHBP coverage for yourself and eligible family members when you retire. This includes prescription drug coverage. For more information about health benefits at retirement visit our Web site at:

[www.state.nj.us/treasury/pensions/shbp.htm](http://www.state.nj.us/treasury/pensions/shbp.htm)

#### **RETIREMENT WHILE REMAINING IN THE ELECTED POSITION**

State law (N.J.S.A. 43:15A-47.2) permits an elected official, who retires from the PERS and is granted a retirement allowance that is **not based solely upon**

**his or her elective position**, to receive a PERS retirement allowance while remaining in the elected position. This is true even if the member is re-elected to the position after retirement.

#### **EMPLOYMENT AFTER RETIREMENT**

If you retire from all public service in New Jersey (except for Deferred Retirement) and are subsequently elected to an office in New Jersey, State law (N.J.S.A. 43:3C-3) gives you the option of canceling your retirement allowance and re-enrolling in the retirement system. If you opt not to enroll, you would continue to collect your retirement allowance but would not be enrolled in the retirement system.

#### **FOR MORE INFORMATION**

Certain restrictions may apply to the benefits and features described here. For more information, refer to the *Public Employees' Retirement System Member Handbook*. To obtain a copy, see your Human Resources representative or contact the Division of Pensions and Benefits.

Fact Sheet #5, *Pension Options*, and Fact Sheet #15, *Disability Retirement Benefits*, are available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The *Public Employees' Retirement System Member Handbook* and all of the Division's fact sheets are also available for viewing over the Internet at: [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)

**If you have any questions concerning your legislative benefits, please contact the Division at (609) 292-3678 for assistance.**

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