



Application for Retirement Allowance

**Police and Firemen's
Retirement System**

**State of New Jersey
Division of Pensions and Benefits**

TABLE OF CONTENTS

Read Fact Sheet #19	1
Introduction	1
Disability Retirement	1
Mandatory Retirement	1
Retirement Estimates	1
Retirement Process	2
Notifying Your Employer	2
Outstanding Loans at Retirement	2
The Deferred Compensation Plan, SACT, and the DCRP	2
Your First Retirement Check	2
Changing Your Retirement	2
<i>Fact Sheet #19, Applying for Retirement</i>	
<i>Fact Sheet #13, Conversion of Group Life Insurance</i>	
<i>Fact Sheet #6, Your Retirement Checklist</i>	
<i>Fact Sheet #12, Taxation of Retirement Benefits</i>	
<i>Fact Sheet #18, Cost-of-Living Adjustments</i>	
<i>Fact Sheet #29, Employment After Retirement</i>	
<i>Instructions and Forms for Completing the Application for Retirement</i>	
<i>Change of Retirement Form</i>	

NOTICE TO ALL APPLICANTS

It is your responsibility to ensure that all forms or documents indicated with a check mark “✓” are submitted to the Division of Pensions and Benefits.

- ✓ *Application for Retirement Allowance*
- ✓ *Authorization for Direct Deposit of Benefit Payment*
- ✓ *Employer Certification of Service and Final Salary*
- ✓ A copy of your birth certificate if you have not already submitted it to the Division of Pensions and Benefits.

**IF YOU NEED HELP IN COMPLETING THIS APPLICATION,
CONTACT THE OFFICE OF CLIENT SERVICES AT (609) 292-7524**

OR VISIT OUR OFFICE AT

**50 WEST STATE STREET
TRENTON, NEW JERSEY**

Retirement Benefits and Qualifications

Police and Firemen's Retirement System

READ FACT SHEET #19

This booklet includes Fact Sheet #19, *Applying for Retirement*. **Read this fact sheet first** to determine if you qualify for retirement. If you qualify, continue reading and follow the instructions to complete the application. If, after reading this information, you have questions about the qualifications for retirement, call the Division of Pensions and Benefits at (609) 292-7524.

INTRODUCTION

This booklet includes all the information and forms needed to apply for retirement from the Police and Firemen's Retirement System (PFRS).

The forms and other documents indicated with a check mark "✓" (in the list below) must be completed and submitted to the Division of Pensions and Benefits. **It is your responsibility to ensure that all forms are submitted to the Division within 90 days of the Division's receipt of your retirement application.** Otherwise, your retirement application will be canceled and you will need to submit another application for a future retirement date.

This booklet contains:

- **Retirement Benefits and Qualifications** — an introduction to retirement and information about the application process.
- **Fact Sheet #19, *Applying for Retirement***.
- **Fact Sheet #13, *Conversion of Group Life Insurance***.
- **Fact Sheet #6, *Your Retirement Checklist***.
- **Fact Sheet #12, *Taxation of Retirement Benefits***.
- **Fact Sheet #18, *Cost-of-Living Adjustments***.
- **Fact Sheet #29, *Employment After Retirement***.
- ✓ ***Application for Retirement Allowance*** — to be completed by the employee.
- ✓ ***Authorization for Direct Deposit of Benefit Payment*** – Direct deposit of your benefit payment is **mandatory**.
- ✓ ***Employer Certification of Service and Final Salary*** — to be completed by the employer.
- ***Change of Retirement*** form.

You should also submit:

- ✓ **A photocopy (not the original document) of your birth certificate** if you have not already submitted it to the Division of Pensions and Benefits.

MAIL THESE DOCUMENTS TO:

**The Division of Pensions and Benefits
PO Box 295
Trenton, NJ 08625-0295**

DISABILITY RETIREMENT

You cannot use this application to file for a disability retirement. For information on disability retirement, please see Fact Sheet #16, *Disability Retirement Benefits*. You can view this fact sheet on the Division's Web site at: www.state.nj.us/treasury/pensions

If you do not have Internet access, you can request that this fact sheet be sent to you by calling the Division at (609) 292-7524 or by sending an e-mail to: pensions.nj@treas.state.nj.us

MANDATORY RETIREMENT

Effective July 1, 1997, retirement is mandatory at age 65 for all PFRS members except for elected officials. If you do not file a retirement application before age 65, you are automatically retired on the first of the month following your 65th birthday. Retirement benefits, however, are not payable until the application is filed with the Division of Pensions and Benefits.

Elected officials are exempt from mandatory retirement from their elected position.

RETIREMENT ESTIMATES

Obtain a retirement estimate. Members within 2 years of retirement can obtain an estimate of retirement benefits using the **Member Benefits Online System (MBOS)**. MBOS is a set of Internet based applications that allow registered members access to information about their pension. Register with MBOS at: www.state.nj.us/treasury/pensions (select "Online Member Services - MBOS").

To hear an estimate of retirement benefits over the phone, you may call the Division of Pensions and Benefits Automated Information System at (609) 777-1777.

You may also submit a *Request for Retirement Estimate* form which is available from your benefits administrator, the Division's Web site (select "Forms and Publications"), or by calling (609) 292-7524. The form must be forwarded to the Division. Please allow four to six weeks for manual processing.

RETIREMENT PROCESS

The retirement process starts with the filing of your *Application for Retirement Allowance* with the Division of Pensions and Benefits.

All retirements are effective on the first of a month. You can submit your *Application for Retirement Allowance* no more than one year before your retirement date – and as late as the last business day prior to your retirement date – however, four to six months advance filing is recommended because **there is no provision for an interim benefit between your last day of salary and your first pension check.** Under no circumstances can a retirement become effective prior to the date the application is received by the Division of Pensions and Benefits.

Once your retirement application is processed by the Division, you will receive a *Quotation of Retirement Allowance* that outlines your retirement and life insurance benefits. Your application will then be presented to the PFRS Board of Trustees for approval. You will receive written notification of the Board's approval of your application.

NOTIFYING YOUR EMPLOYER

It is important that you notify your employer of your retirement plans since, before we can process your retirement, your employer must submit the *Certification of Service and Final Salary*. Your retirement cannot be processed until the Division of Pensions and Benefits receives this certification.

OUTSTANDING LOANS AT RETIREMENT

If you have a loan balance at retirement, you must decide whether you wish to carry monthly payments into retirement until the balance, with interest, is satisfied, or pay off the entire loan in a lump sum prior to receiving retirement benefits.

THE DEFERRED COMPENSATION PLAN, SACT, AND THE DCRP

Contact the **State Employees Deferred Compensation Plan** at 1-866-NJSEDCP if you participate in the plan.

Contact the **Supplemental Annuity Collective Trust (SACT)** at (609) 633-2031 if you participate in SACT.

Contact the **Defined Contribution Retirement Program (DCRP)** at 1-866-653-2771 if you participate in the DCRP.

YOUR FIRST RETIREMENT CHECK

The earliest your first retirement check can be paid is the first of the month following your retirement date or 30 days after approval by the PFRS Board of Trustees, whichever is later. This is when your retirement becomes "due and payable."

For example, a member who files his or her application well in advance for a June 1 retirement date, and is approved by the Board of Trustees at the Board meeting in May, would receive the first retirement check on July 1 (this check pays the amount due for the month of June). If approval of the retirement is delayed, the first check will be paid later but is retroactive to the original June 1 date of retirement.

Enclosed in this packet is a form for initiating the direct deposit of your retirement checks. Direct deposit of your benefit payment is **mandatory**. (Except for foreign mailing addresses.) Complete the *Authorization for Direct Deposit of Benefit Payment* and send it to the Division of Pensions and Benefits along with your retirement application.

CHANGING YOUR RETIREMENT

If, after applying for retirement, you wish to change your retirement date, or cancel your retirement, you must forward written notice to the Division's Retirement Bureau within 30 days of the approval of your retirement by the Board of Trustees or the effective retirement date, whichever is later. After that time, you cannot change your retirement date.

NOTE: Changing or canceling your retirement does not guarantee continued employment with your employer.

Changes can be requested by letter or by using the *Change of Retirement* form included in this booklet. If requesting a change of retirement date, your employer must also complete the service and salary certification on the back of the change form.

Applying for Retirement

Police and Firemen's Retirement System

MANDATORY RETIREMENT

Effective July 1, 1997, **retirement is mandatory at age 65** for all Police and Firemen's Retirement System (PFRS) members except for elected officials. If you do not file a retirement application before age 65, you are automatically retired on the first of the month following your 65th birthday. Retirement benefits, however, are not payable until the application is filed.

Elected officials are exempt from mandatory retirement from their elected position.

BEFORE YOU RETIRE

You should inquire about retirement at least six months before your retirement date. This will give you enough time to review the benefits that are available to you in retirement.

Members within two years of retirement can obtain an estimate of retirement benefits using the **Member Benefits Online System (MBOS)**. Estimates obtained through MBOS provide the most accurate information available by using the service and salary information currently posted to your PFRS account. You must be registered with MBOS. Registration is free. To begin the registration process, go to: www.state.nj.us/treasury/pensions/mbosregister.shtml (select "Online Member Services - MBOS").

You can also hear an estimate of retirement benefits over the phone by calling the Division of Pensions and Benefits' Automated Information System at (609) 777-1777.

Or you can submit a *Request for Retirement Estimate* form which is available from your benefits administrator, the Division's Web site (select "Forms and Publications"), or by calling the Office of Client services at (609) 292-7524. The form must be forwarded to the Division. Please allow four to six weeks for manual processing.

SUBMITTING YOUR APPLICATION

You must meet all of the eligibility requirements for retirement and **cannot submit an application for retirement more than one year before your retire-**

ment date. (Members eligible for a Deferred Retirement may file more than one year in advance upon termination of employment.)

The *Application for Retirement Allowance* can be submitted online using the Member Benefits Online System (MBOS). This is an easy, secure, and accurate way to apply for retirement.

You can also obtain an *Application for Retirement Allowance*:

- by printing it from the Division of Pensions and Benefits Web site at:
www.state.nj.us/treasury/pensions
- by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295;
- by contacting the Office of Client Services at (609) 292-7524; or
- by e-mail request to:
pensions.nj@treas.state.nj.us

Whether you apply for retirement online through MBOS or by written application, be sure to carefully read the instructions and the fact sheets about retirement prior to submission.

All retirements are effective the first of a month. Your application must be received by the Division of Pensions and Benefits before your retirement date. **Under no circumstances can a retirement become effective prior to the date the application is received by the Division of Pensions and Benefits.**

It is your responsibility to file for retirement. Four to six months advance filing is recommended. Processing times vary and cannot begin until we have received all the necessary information from both you and your employer. **Your employer will be notified that you have filed an application for retirement.**

If you have not furnished proof of your age to the Division of Pensions and Benefits, you must submit a photocopy of your proof of age to the Division.

If you retire with an outstanding loan balance, you must decide how you wish to repay your loan. You

may pay the loan *in its entirety* prior to receiving any benefits, or continue your monthly loan repayment schedule into retirement until the loan balance *plus interest* has been repaid.

TYPES OF RETIREMENT

The following types of retirement benefits are calculated using your "Years of Service" and "Final Compensation."

- "**Years of Service**" means the amount of membership service you have credited to your account.
- "**Final Compensation**" - For a PFRS **Tier 1** member enrolled *on or before* May 21, 2010, Final Compensation means the salary upon which contributions were based in the last 12 months of creditable service preceding retirement.

For a PFRS **Tier 2** member (enrolled *after* May 21, 2010 and *on or before* June 28, 2011) or a PFRS **Tier 3** member (enrolled *after* June, 28 2011), Final Compensation means the *average* salary upon which pension contributions were based for any *three fiscal years* of membership preceding retirement that provides the largest possible benefit.

Final Compensation does not include extra pay for overtime or large increases in compensation paid primarily in anticipation of retirement.

There are several types of retirement for which you may qualify:

Service Retirement

This type of retirement is available at age 55 with no minimum amount of service required.

Service Retirement is also available to members of any age with 20 or more years of service credit who were members of the PFRS on January 18, 2000.

The benefit calculations are as follows:

- If you have less than 20 years of service credit, you will receive 2 percent of your Final Compensation for each year of service.
- If you have at least 20 years but less than 25 years of service credit, you will receive 50 percent of your Final Compensation.

- If you are age 65 (mandatory retirement age) and have 20 or more years of service credit, you will receive 50 percent of your Final Compensation, plus three percent of your Final Compensation for each year of service over 20, up to 25 years, if enrolled in the PFRS as of January 18, 2000.
- If you have at least 30 years of service credit, you will receive 2 percent per year of your average Final Compensation for the first 30 years of service, plus an additional one percent of your average Final Compensation for each year of service credit over 30 years.

Special Retirement

This type of retirement is available to members at any age who have 25 years or more of service credit in the PFRS.

For **Tier 1** and **Tier 2** members, the annual benefit is equal to 65 percent of your Final Compensation plus 1 percent for each year of service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70 percent of your Final Compensation.

For **Tier 3** members, the annual benefit is equal to 60 percent of your Final Compensation plus 1 percent for each year of service over 25 years but not to exceed 30 years. The maximum allowance is therefore 65 percent of your Final Compensation.

Deferred Retirement

This type of retirement is available to members who have at least ten years of service credit and are not yet 55 years of age when they terminate employment. The annual benefit is equal to 2 percent of your Final Compensation for each year of service.

The effective date of a Deferred Retirement is the first of the month after you attain age 55. You must file an *Application for Retirement Allowance* to receive a Deferred Retirement, and you should file the application when you terminate covered employment.

If you are terminated for cause, you may not be eligible to receive Deferred Retirement benefits. The PFRS Board of Trustees will make that determination at the time you file your application.

Your group life insurance coverage is not in effect between the time you terminate employment and

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

when your Deferred Retirement becomes effective. If you die before your Deferred Retirement becomes effective, the beneficiary on your retirement application will receive a return of your contributions, unless a subsequent *Designation of Beneficiary* form is filed.

There is no other death benefit under these circumstances.

For information about converting your group life insurance to an individual policy at termination, see Fact Sheet #13, *Conversion of Group Life Insurance*, which is available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: www.state.nj.us/treasury/pensions

If you are covered by the State Health Benefits Program (SHBP) or the School Employees' Health Benefits Program (SEHBP), you will not be able to continue coverage under the SHBP/SEHBP retired group if you apply for a Deferred Retirement. However, you are entitled to continue coverage in the SHBP/SEHBP employee group for up to 18 months after termination of employment in accordance with federal COBRA laws. If your retirement allowance becomes due and payable during the 18 months of extended COBRA coverage, you would qualify for coverage in the SHBP/SEHBP retired group. In this case, you must contact the Division of Pensions and Benefits and request a health benefits offering letter within 60 days of your eligibility for the SHBP/SEHBP retired group coverage.

At any time before your Deferred Retirement becomes effective, you may change your mind and apply for a lump-sum withdrawal of your pension contributions. However, if you cancel your Deferred Retirement and withdraw your contributions, all the rights and privileges of membership will end.

Disability Retirement

For information about Disability Retirement, see Fact Sheet #16, *Disability Retirement Benefits*, which is available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: www.state.nj.us/treasury/pensions

PAYMENT OF PENSION TO A SURVIVING FAMILY MEMBER

Upon your death as a retired member, your spouse, civil union partner or eligible domestic partner, and/or child(ren) may be entitled to a monthly pen-

sion. The terms used for the eligibility of these benefits are explained here.

"Spouse" means a person of the opposite sex to whom you are legally married. A photocopy of the *Marriage Certificate* is required for verification.

"Civil Union Partner" means 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 for verification.

"Domestic Partner" is a same-sex domestic partner, as defined under Chapter 246, P.L. 2003, 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 pension 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 for verification.

"Child" means your unmarried child:

- under the age of 18; or
- 18 years of age or older and enrolled in high school; 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 PFRS Medical Review Board.

Retired Member Death Benefit

Upon your death as a retired member, your surviving spouse or partner is eligible to receive a pension benefit equal to 50 percent of your Final Compensation, plus 15 percent of your Final Compensation for one child or 25 percent of your Final Compensation for two or more children. This benefit is payable for the lifetime of the spouse/partner, or until the spouse/partner remarries or enters into a new civil union or domestic partnership.

If there is no eligible surviving spouse or partner or your spouse/partner dies, remarries, or enters into a new civil union or domestic partnership, the following

benefit is payable to the minor 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.

GROUP LIFE INSURANCE

Most members of the retirement system are covered by group life insurance.

When you retire, the amount of your group life insurance will be equal to $\frac{1}{2}$ of your Compensation.

If a retiree was enrolled as a member of the PFRS on or after July 1, 1971, life insurance is payable only if the member retired with 10 or more years of pension membership credit or retired on a disability retirement.

- “**Compensation**” means PFRS group life insurance benefits are calculated using the salary on which pension contributions were based in the last 12 months immediately preceding your death or retirement.

Conversion

For most members, group life insurance is reduced at retirement. You have 31 days after termination of employment to convert the amount of insurance that was reduced to private individual insurance coverage. If you wish to supplement this coverage with either a conversion policy from the Prudential Life Insurance Company, or a policy from another insurance carrier, it is best to begin exploring your options at least four to six months prior to your retirement. However, **you cannot file to convert your life insurance any earlier than six months prior to your retirement date.**

To estimate the cost of conversion to a private policy with the Prudential Life Insurance Company, contact a Prudential agent or use the conversion calculator on the Division of Pensions and Benefits Web site.

For additional information see Fact Sheet #13, *Conversion of Group Life Insurance*.

HEALTH BENEFITS

Your Application for Retirement Allowance does not automatically enroll you in retired health benefits coverage.

Employees who are covered by the State Health Benefits Program (SHBP) or the School Employees' Health Benefits Program (SEHBP) through their employer will be offered SHBP/SEHBP coverage when they retire. In addition, some employers have agreed to pay for the cost of coverage for retirees with 25 or more years of service credit (and in some cases retirees on disability retirements).

If eligible, you will receive a letter approximately three months before your retirement date offering you enrollment in the SHBP or SEHBP.

Fact Sheet #11, *Enrolling in Health Benefits Coverage When You Retire*, provides additional information about health benefits coverage in retirement.

If you are not covered by the SHBP or SEHBP, contact your employer about your options for continuing your health benefits coverage.

Chapter 330

Chapter 330, P.L. 1997, provides health benefits under the SHBP or SEHBP to local (non-state employee) police officers and firefighters who retire after 25 years of service, or on a disability, and who do not receive any payment towards retiree health coverage from their employers.

If eligible, the State will pay 80 percent of the cost of the least expensive SHBP/SEHBP plan offered and the retiree then pays the remainder for the plan selected. A qualified retiree may enroll at the time of retirement or when becoming eligible for Medicare.

The eligibility of retired police officers and firefighters for benefits under Chapter 330 depends on the health benefits provided by the employer for retired police officers and firefighters as of the effective date of the law, July 1, 1998. These employer benefits are indicated in labor and other employment contracts, ordinances, and resolutions of the employers.

Additional information about Chapter 330 is available in Fact Sheet #47, *Health Benefits Retired Coverage Under Chapter 330*.

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

COST-OF-LIVING ADJUSTMENTS

With the passing of Chapter 78, P.L. 2011, Cost-of-Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law does not reduce any COLA increases that have already been added to retiree benefits. See Fact Sheet #18, *Cost-of-Living Adjustments*, for more information.

CANCELING OR CHANGING YOUR RETIREMENT DATE

The following are some important points to remember if you consider changing your retirement to a later date or canceling your retirement:

- You may change or cancel your retirement up until 30 days immediately following your retirement date, or 30 days after the approval of your retirement by the Board of Trustees, whichever is later.

Note: You cannot cancel or change the date for a *disability retirement* once it has been approved by the Board of Trustees.

- If you cancel or change your retirement date, it is your responsibility to notify your employer to ensure that any active health benefits are not canceled and your employment remains uninterrupted.
- Canceling or changing your retirement date does not guarantee continued employment with your employer.

EMPLOYMENT AFTER RETIREMENT

Most *private employment* will not affect your retirement benefits.

However, returning to *public employment* in New Jersey after your retirement may jeopardize your retirement benefits.

If you return to employment in a position *covered by the same retirement system* from which you retired, you should expect to cancel your retirement and reenroll in the retirement system.

In addition:

- Retirees who returns to public employment before age 59½ may be subject to 10 percent additional federal tax withholding for an in service distribution under the Internal Revenue Code.
- if you *pre-arrange* with your employer to return to employment in any capacity, **or** it is otherwise determined that your retirement is not “bona fide” **or** the employer/employee relationship was not completely severed, your retirement may be determined to be invalid and you would be required to reimburse the retirement system for the amount of any retirement benefits you received from the date of retirement.

Note: Certain police or fire supervisory positions require a minimum break in employment without pay of *six months or more* (per N.J.S.A. 43:16A-3.1).

Before you consider returning to any public employment, see Fact Sheet #29, *Employment After Retirement (PFRS)*, for the limitations and procedures for returning to public employment in New Jersey.

This fact sheet has been produced and distributed by:

**New Jersey Division of Pensions and Benefits • PO Box 295 • Trenton, New Jersey 08625-0295
(609) 292-7524 • TDD for the hearing impaired (609) 292-7718**

URL: <http://www.state.nj.us/treasury/pensions> • E-mail: pensions.nj@treas.state.nj.us

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

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

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

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: ABP¹, PERS², TPAF³, JRS⁴, PFRS⁵, SPRS⁶, DCRP⁷
- 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.

¹ABP — Alternate Benefit Program

²PERS — Public Employees' Retirement System

³TPAF — Teachers' Pension and Annuity Fund

⁴JRS — Judicial Retirement System

⁵PFRS — Police and Firemen's Retirement System

⁶SPRS — State Police Retirement System

⁷DCRP — Defined Contribution Retirement Program

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

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 or Tier 2, age 62 for Tier 3 or Tier 4, or age 65 for Tier 5 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.

**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.

This fact sheet has been produced and distributed by:

**New Jersey Division of Pensions and Benefits • PO Box 295 • Trenton, New Jersey 08625-0295
(609) 292-7524 • TDD for the hearing impaired (609) 292-7718**

URL: <http://www.state.nj.us/treasury/pensions> • E-mail: pensions.nj@treas.state.nj.us

This fact sheet is a summary and not intended to provide total information.
Although every attempt at accuracy is made, it cannot be guaranteed.

Your Retirement Checklist

All Funds

When planning for retirement, it is important to give yourself enough time to review your benefits and options. The time frames in this checklist are a guide, however, actual processing times vary and cannot begin until the Division of Pensions and Benefits receives all the necessary information and forms from both you and your employer.

6-8 MONTHS BEFORE RETIREMENT

- ✓ **Obtain a Retirement Estimate** — Members within 2 years of retirement can obtain an estimate of retirement benefits using the **Member Benefits Online System (MBOS)**. MBOS is a set of Internet based applications that allow registered members access to information about their pension. Register with MBOS at: www.state.nj.us/treasury/pensions (select "Online Member Services - MBOS").

To hear an estimate of retirement benefits over the phone, call the Division of Pensions and Benefits' Automated Information System at (609) 777-1777.

You may also submit a *Request for Retirement Estimate* form which is available on the Division's Web site (select "Forms and Publications"), or by calling (609) 292-7524. The form must be forwarded to the Division for manual processing. Please allow 4-6 weeks for processing and mailing.

If you provide us with the name and birth date of your beneficiary, we can estimate the payment options for your beneficiary.

4-6 MONTHS BEFORE RETIREMENT

- ✓ **Apply for retirement** — **You cannot submit an application more than one year prior to your retirement date** (members eligible for a Deferred Retirement may file more than one year in advance upon termination of employment).

Registered MBOS users can apply for retirement online. This is an easy and secure way to apply for retirement.

If you do not have Internet access you can obtain an *Application for Retirement Allowance* from your benefits administrator or the Division of Pensions and Benefits.

Whether you apply for retirement online through MBOS or by written application, be sure to carefully read the instructions and the available fact sheets about retirement prior to submission. (see page 4).

- ✓ **All members must provide proof of age** prior to retirement. Acceptable proofs of age include a photocopy of any of the following: birth certificate, baptismal certificate, passport, naturalization or immigration papers, or other records including military records, census records, school or business records, age recorded on marriage licenses and insurance, or children's birth records. Registered users can verify if proof of age is on file using MBOS.

If your proof of age is not already on file with the Division of Pensions and Benefits, you should attach a photocopy of your birth certificate, or other proof of age document, to your retirement application. (MBOS applicants should mail proof of age to the Retirement Bureau, Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.) Please also include your name, pension membership number, retirement date, and daytime telephone number on the photocopy.

- ✓ **For Public Employees' Retirement System (PERS) and Teachers' Pension and Annuity Fund (TPAF) only** — If you are choosing Options A, B, C, D, 2, 3, or 4, you must also submit proof of your beneficiary's birth date (see above for acceptable forms of proof). Please include your (the retiree's) name, pension membership number, retirement date, daytime telephone number, on the photocopy of your beneficiary's proof of age and attach it to your retirement application or mail it to the Division's Retirement Bureau (see paragraph above for

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

address). **Your retirement application will not be processed until the Division receives the required copies of birth date evidence.**

- ✓ **PERS and TPAF only** — If applying for a **Veteran Retirement**, you must qualify as a veteran for pension purposes. Registered users can verify if veteran status is on file using MBOS. If you are not already listed as a veteran on the Division of Pensions and Benefits' records, you must send a photocopy of your military discharge (*Form DD 214*) to the NJ Department of Military and Veteran Affairs (NJDMAVA), at the following address:

**NJ Department of Military and
Veteran Affairs
ATTN: DVP-VBB
PO Box 340
Trenton, NJ 08625-0340**

Since the NJDMAVA also makes determinations of veteran's preference for Civil Service and property tax appeals, a note should be attached to say that the discharge is being sent for pension purposes. For more information see Fact Sheet #17, *Veteran Status*.

- ✓ **If you have applied for a purchase of additional service credit** in the past six months, and are not submitting an online retirement application through MBOS, please write "Purchase Pending" across the top of your *Application for Retirement Allowance* prior to sending it to the Division.
- ✓ **The amount of your group life insurance coverage** through the retirement system decreases at retirement or terminates if you have less than 10 years of service credit. You may convert the dollar difference between the coverage you had before retirement and the coverage you will have after retirement to a non-group life insurance policy by applying to a Prudential Insurance Company agent **within 31 days of your termination of employment**. No physical examination is required to prove insurability. The cost of the coverage will be at the standard rate for someone your age. For further information about conversion, you can contact Prudential at 1-877-889-2070 or at 1-800-262-1112. You should contact other

insurance carriers and compare the available policies and costs before you decide to purchase the conversion policy.

- ✓ **Ask your employer** to submit a *Certification of Service and Final Salary* to the Division of Pensions and Benefits.
- Please note: Your employer will be notified that you have filed an application for retirement.**
- ✓ **Contact the NJ State Employees Deferred Compensation Plan** office at 1-866-NJSEDCP, or the **Supplemental Annuity Collective Trust (SACT)** office at (609) 633-2031, or the **Defined Contribution Retirement Program (DCRP)** at 1-866-653-2771, if you participate in these plans.
 - ✓ **You will receive a letter** from the Division of Pensions and Benefits acknowledging receipt of your retirement application. Included with the letter are answers to some frequently asked retirement questions.

APPROXIMATELY 3 MONTHS BEFORE RETIREMENT

You will receive a letter offering you enrollment in the State Health Benefits Program (SHBP) or the School Employees' Health Benefits Program (SEHBP) if you are:

- ✓ A member already covered by the SHBP or SEHBP through their employer. (If you are not eligible for State-paid or employer-paid coverage, you may continue the coverage into retirement by paying the appropriate premium.);
- ✓ A member employed by a board of education or a county college who retiring with 25 or more years of service credit in one or more State- or locally-administered retirement system or who retire on a disability retirement, even if their employer did not participate in the SEHBP. This includes members who elected Deferred Retirement with 25 or more years of service credit in one or more State- or locally-administered retirement system. Eligibility is limited to full-time employees as defined by N.J.A.C. 17:9-4. The State pays for the health benefit cost if you qualify under this category (See "Chapter 78, P.L. 2011" on page 3);

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

- ✓ Members eligible for Medicare who retired from full-time employment at a board of education, vocational/technical school, or special services commission that does not participate in the SEHBP, provided you are participating in the health benefit plan of your employer **and** are enrolled in Medicare Part A and Part B. You will be required to pay the full cost of the coverage;
- ✓ Part-time State employees and part-time faculty at institutions of higher education that participate in the SHBP or SEHBP if enrolled in the SHBP or SEHBP at the time of retirement. You will be required to pay the full cost of the coverage;
- ✓ A PERS or Alternate Benefit Program (ABP) member retiring from a school board of education or county college with 25 or more years of service credit in the pension fund or retiring on a disability retirement;
- ✓ A police officer, firefighter, or PERS Law Enforcement Officer (LEO) retiring with 25 years or more of service credit in the retirement system or retiring on a disability retirement, **and** whose employer does not provide any payment towards the retiree's health coverage or reimbursement of Medicare Part B premiums, may be eligible for retired group SHBP or SEHBP coverage under the provisions of Chapter 330, P.L. 1997 (see Fact Sheet #47, *Health Benefits Retired Coverage under Chapter 330*).

Note: Enrollment for coverage as a retiree in the SHBP or SEHBP is not automatic. **You must submit a health benefits *Retired Coverage Enrollment Application* to enroll.**

- ✓ If you are age 65 or older, contact the local Social Security Administration office for full Medicare enrollment. You must be covered by both Part A and Part B of Medicare to be eligible to enroll in the SHBP or SEHBP in retirement. Most Medicare eligible retirees, in the SHBP or SEHBP, and/or their Medicare eligible dependents, need not enroll in Medicare Part D prescription drug coverage. While some SHBP or SEHBP members who qualify for low income subsidy programs may find it beneficial to enroll in Medicare Part D, once you and/or a

dependent enroll in a Medicare Part D plan, the person enrolled in Medicare Part D will lose their SHBP or SEHBP prescription drug coverage. In addition, the SHBP and SEHBP will not cover the costs of any drugs that are not covered by the Medicare Part D plan.

- ✓ You may need to obtain a written statement from your employer certifying that you have been covered under an employer group health plan. The statement should indicate when and why coverage as an active employee will end.
- ✓ If you will not be eligible for post-retirement medical coverage through the SHBP or SEHBP, be sure to discuss any coverage options that are available to you with your employer.

APPROXIMATELY 2 MONTHS BEFORE RETIREMENT

- ✓ **You will receive a *Quotation of Retirement Benefits* letter** which shows your monthly retirement allowance with:
 - the option you selected; (for PERS and TPAF)
 - a quote of any outstanding loan balance with repayment options; and
 - a quote of any outstanding arrears (purchase) balance and/or shortages.
- ✓ **If you will be retiring with an outstanding loan balance**, you must decide how you wish to repay your loan. You may:
 - pay the loan **in its entirety** prior to receiving any benefits; or
 - continue your monthly loan repayment schedule into retirement until the loan balance **plus interest** has been repaid.
- ✓ **Any outstanding arrears or shortages must be paid** before your retirement check can be issued. Failure to respond to these issues will delay your retirement benefits.

APPROXIMATELY 1 MONTH BEFORE RETIREMENT

- ✓ **Your retirement will be presented to the retirement system's Board of Trustees for approval.** You will receive a board approval letter

and will have 30 days from the board approval date or 30 days from your effective retirement date (whichever is later) to change your retirement date and or your option selection. If you make any changes after board approval, your new selection must again be approved by the Board of Trustees. This may delay your first check.

- ✓ **You may choose to cancel your retirement** within 30 days of your retirement date or 30 days of your board approval date (whichever is later). This request must be in writing to the Division of Pensions and Benefits. If you cancel or change your retirement date and submit a new application with a later retirement date, it is your responsibility to notify the employer to ensure your active health benefits (if any) are not canceled and that your employment remains uninterrupted. Canceling your retirement does not guarantee continued employment with your employer.
- ✓ If you are not eligible for health benefit coverage after retirement, you should discuss with your employer the possibility of continuing medical, prescription drug, dental, or vision coverage under the provisions of COBRA.

SHORTLY AFTER YOUR RETIREMENT DATE

- ✓ **You will receive a letter** confirming your retirement and death benefits called the *Statement of Retirement Allowance*. The letter will also supply figures needed in filing your income tax return. Keep this with your important papers.
- ✓ **Your first retirement check** cannot be issued earlier than 30 days following your retirement date. If processing of your retirement is delayed, your first check will be retroactive to the date of your retirement. Regular retirement checks are dated on the first of the month to cover the allowance for the previous month. For example, if you retire on July 1, your first retirement check would be due and payable on August 1 and is payment for the month of July.
- ✓ **Your retirement is not considered “bona fide”** until your retirement becomes “due and payable” and the employer/employee relationship is

completely severed. This normally occurs after — but is not limited to — a break in employment without pay of at least 30 days following your retirement date, or 30 days following the approval of your retirement by the retirement system’s Board of Trustees, whichever is later.

- ✓ **If you return to a position covered by the retirement system before the 30 days have elapsed** — on either a paid or voluntary basis — **or if you *pre-arrange*** with your employer to return to employment in any capacity, **or** if it is otherwise determined that your retirement is not “bona fide,” the employer/employee relationship is not completely severed and your retirement may be determined to be invalid. In this case you will remain an active employee and reenrolled in the retirement system. You will also be required to reimburse the retirement system for the amount of any retirement benefits you received from the date of retirement.
- ✓ **You will receive forms for withholding federal and New Jersey State income tax.** If you are a registered MBOS user you can make changes to your tax withholding online.
- ✓ **If you did not submit the *Authorization for Direct Deposit*** form when you applied for retirement, the form will be sent to you by mail. Direct deposit of your benefit payment to your bank account is **mandatory** (except for foreign mailing addresses).

You may also sign up for direct deposit, or make changes to an existing direct deposit, anytime after retirement using the Direct Deposit/Electronic Funds Transfer application available on MBOS. Please allow approximately 60 days for a new direct deposit or changes to begin.

FACT SHEETS ABOUT RETIREMENT

Listed below are fact sheets pertaining to retirement and related issues. These fact sheets are available on our Web site at: www.state.nj.us/treasury/pensions (select “Forms and Publications”). You can also obtain fact sheets from the Division’s Office of Client Services at (609) 292-7524.

Purchasing Service Credit

#1, Purchasing Service Credit (PERS, TPAF &

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PFRS)

#2, Estimating the Cost of Purchasing Service Credit (PERS & TPAF)

#3, Estimating the Cost of Purchasing Service Credit (PFRS)

Retirement Planning

#4, Applying for Retirement (PERS & TPAF)

#5, Pension Options (PERS & TPAF)

#11, Enrolling in Health Benefits Coverage When You Retire

#17, Veteran Status (PERS & TPAF)

#18, Cost-of-Living Adjustments (All Funds)

#19, Applying for Retirement (PFRS)

#41, Applying for Retirement (SPRS)

#54, Calculating Your Own Retirement Allowance (PERS & TPAF)

#61, Planning for Your Survivors - Pension Options (JRS)

#64, About Your Retirement Check

#79, Defined Contribution Retirement Program for PERS, TPAF, PFRS, and SPRS Members

#80, Defined Contribution Retirement Program for Elected and Appointed Officials

#82, Defined Contribution Retirement Program if Ineligible for PERS or TPAF

Types of Retirement

#14, Deferred Retirement (PERS, TPAF & PFRS)

#15, Disability Retirement Benefits (PERS & TPAF)

#16, Disability Retirement Benefits (PFRS)

#39, Disability Retirement Benefits (SPRS)

#53, Legislative Retirement Benefits (PERS)

#62, Prosecution Part (PERS)

#63, Workers' Compensation Judges Part (PERS)

Taxation of Benefit Distributions

#7, New Jersey State Employees Deferred Compensation Plan Distribution Options

#12, Taxation of Retirement Benefits

#27, The Taxability and Mandatory Withholding of Income Tax From Your Pension Distribution

Employment after Retirement

#21, Employment After Retirement (PERS)

#28, Employment After Retirement (TPAF)

#29, Employment After Retirement (PFRS)

#57, Employment After Retirement (SPRS)

Health Benefits and COBRA Coverage

#11, Enrolling in Health Benefits Coverage When You Retire

#23, Health Benefits Programs and Medicare Parts A & B for Retirees

#30, Continuation of Health Benefits Insurance Under COBRA

#47, Health Benefits Retired Coverage Under Chapter 330 (PFRS & Law Enforcement Officers of PERS)

#73, Retiree Dental Expense Plan

Life Insurance/Death Benefits

#13, Conversion of Group Life Insurance (All Funds)

#58, Group Life Insurance (PERS & TPAF)

#59, Group Life Insurance (PFRS)

#68, Designating a Beneficiary (All Funds)

 This fact sheet has been produced and distributed by:

New Jersey Division of Pensions and Benefits • PO Box 295 • Trenton, New Jersey 08625-0295
(609) 292-7524 • TDD for the hearing impaired (609) 292-7718
URL: <http://www.state.nj.us/treasury/pensions> • E-mail: pensions.nj@treas.state.nj.us

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

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

Taxation of Retirement Benefits

All Funds

HOW ARE MY PENSION BENEFITS TAXED FOR FEDERAL PURPOSES?

Pension benefits (except for Accidental Disability retirement and Accidental Death benefits) are subject to federal income tax; however, if you paid tax on any of your contributions to the pension plan, that portion of your monthly benefits representing a return of your previously-taxed contributions is not taxable.

Contributions made to the pension plan prior to January 1, 1987 were already taxed as were any purchases of optional pension membership credit made before 2002. After January 1, 2002 some purchases may have been made with previously-taxed money. Therefore, if you began contributing to the pension plan prior to January 1, 1987, or if you purchased pension membership since then, all or a portion of your total contributions may have been previously subject to federal tax.

The rate at which you can recover your previously-taxed contributions is determined in part by your retirement date.

If you retired before August 1, 1986 — you were able to fully recover your contributions before having to pay tax on your benefits. Once you recovered your contributions, your benefits became fully taxable. *The exception is if you did not fully recover your contributions within the first three years of retirement. In that case, you had to recover your contributions under the IRS expected return rule explained below.*

If you retired on or after August 1, 1986 — you must recover your contributions under the expected return rule. Under this rule, you recover your contributions evenly over your expected lifetime or the combined lifetime of you and your pension beneficiary. This means that only a small portion of each monthly benefit is considered a return of your previously-taxed contributions and is tax-free.

CALCULATING THE NON-TAXABLE AMOUNT

If you retired after July 1, 1986 and before November 1, 1996 — your monthly nontaxable amount is determined using life expectancy tables found in *IRS Publication 939*.

If you retired on or after November 1, 1996 — the following tables are used to determine your monthly nontaxable amount:

TABLE A

Benefits Payable To Retiree Only*

Age of Retiree (at retirement)	Number of Payments
55 or less	360
56-60	310
61-65	260
66-70	210
71 or more	160

**For those retired on or after November 1, 1996 and before December 1, 1997, Table A is used even if benefits are payable to the retiree and the retiree's survivor.*

TABLE B

Benefits Payable To Retiree and Beneficiary

Combined Age of Retiree (at retirement) & Beneficiary	Number of Payments
110 or less	410
111-120	360
121-130	310
131-140	260
141 or more	210

The following examples illustrate how the monthly nontaxable amount is computed using Tables A and B:

Example 1 — A PERS member whose previously-taxed contributions equaled \$12,000 retires at age 62 and chooses to receive the maximum allowance

(designating no monthly pension to a surviving beneficiary). **Table A** is used because benefits are payable to the retiree **only**. The \$12,000 is divided by 260 which produces a monthly tax-free amount of \$46.15. The balance of the monthly pension is subject to federal income tax.

Example 2 — A TPAF member whose previously-taxed contributions equaled \$15,000 retires at age 60 and chooses to receive benefits under Option 2 (designating the same monthly pension to the surviving beneficiary). **Table B** is used because benefits are payable to the retiree **and** the retiree's beneficiary. The designated beneficiary is the same age as the retiree. The \$15,000 is divided by 360 which produces a monthly tax-free amount of \$41.67. The balance of the monthly pension is subject to federal income tax.

HOW LONG WILL THE NON-TAXABLE PORTION CONTINUE?

For those who retired after December 31, 1986 the monthly nontaxable amount remains in effect until all of your previously-taxed contributions are fully recovered. At that point your benefits become fully taxable.

For those who retired before December 31, 1986 the monthly nontaxable amount is effective for as long as you or your survivor receive benefits.

If benefits cease before your previously-taxed contributions are fully recovered, the remaining balance can be claimed as a deduction on the income tax return of the last recipient, provided you retired on or after July 1, 1986. If you retired before July 1, 1986, no deduction is allowed for unrecovered contributions.

WITHHOLDING FEDERAL INCOME TAX FROM YOUR PENSION CHECK

Each new retiree will automatically receive a federal withholding tax *Form W-4P* near the date of retirement. The Division of Pensions and Benefits is required by federal law to **automatically withhold federal income tax** from your pension check, based on a status of married with three allowances if you do not complete a *W-4P*. The *W-4P* allows you to elect no withholding or, if you want withholding, to inform us of your tax filing status so that we can withhold the proper amount.

WITHHOLDING NJ STATE INCOME TAX FROM YOUR PENSION CHECK

If you live in New Jersey you will automatically receive a New Jersey State withholding tax *Form NJ W-4P* near the date of retirement. Most retirees will not be subject to New Jersey income tax until they recover in pension checks the amount of the contributions which they made to the pension plan while working. If you will not recover your total contributions within three years of retirement, refer to the instructions for the *Form NJ-1040* to determine how your pension is taxed. You can find information on both the three year rule and the general rule methods in the instructions for the *Form NJ-1040*.

If you are at least 62 or considered disabled by Social Security, you may exclude the following amounts of retirement income from New Jersey income tax for the tax year indicated below:

Retirement Income Exclusions

<u>Tax Year</u>	<u>Married Filing Jointly</u>	<u>Single</u>	<u>Married Filing Separately</u>
2000	\$12,500	\$9,375	\$6,250
2001	\$15,000	\$11,250	\$7,500
2002	\$17,500	\$13,125	\$8,750
2003 and beyond	\$20,000	\$15,000	\$10,000

Note: Beginning with tax year 2005, the "Retirement Income Exclusions" listed above are limited to taxpayers with gross income of \$100,000 or less. Please see the instructions for the *Form NJ-1040* or contact the New Jersey Division of Taxation or a professional tax advisor for further information.

Unlike federal income tax, **withholding for New Jersey income tax is completely voluntary**. No New Jersey income tax will be withheld unless you authorize it by completing a *Form NJ W-4P*. The amount withheld must be at least \$10.00 per month and in even dollar amounts (no cents). If you need help deciding whether or not to have New Jersey income tax withheld or how much tax to have withheld, you can contact the New Jersey Division of Taxation at 1-800-323-4400.

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

If you live outside New Jersey, you are not required to pay New Jersey income tax on the pension you receive from the retirement system. The Division of Pensions and Benefits does not withhold income tax for other states. Check with your home state's tax office to determine if your pension is taxable in your state of residence.

CHANGING YOUR WITHHOLDING AMOUNT

Retirees can now quickly and easily change their tax withholdings online using the Member Benefits Online System (MBOS). Find out more about MBOS at: www.state.nj.us/treasury/pensions

To change your withholding you must submit a new *Form W-4P* or *NJ W-4P* to the Division of Pensions and Benefits. Forms can also be found on the Internet at: www.state.nj.us/treasury/pensions. If you do not have Internet access, you can contact the Division of Pensions and Benefits at (609) 292-7524 to obtain the form.

QUESTIONS COMMONLY ASKED AFTER RETIREMENT

Will I receive a statement of pension income for tax purposes?

Yes. retirees receive *Form 1099-R* at the end of January each year, covering the previous tax year. This shows the gross retirement allowance; how much is subject to federal income tax; and the amounts, if any, that were withheld for federal and New Jersey income tax.

Am I taxed on the reimbursement of Medicare premiums?

No. Some State employees and all employees of boards of education or county colleges who retired

with 25 or more years of service, or on a disability retirement, who are enrolled in the State Health Benefits Program are reimbursed in their pension checks for the Medicare Part B premiums they pay to Social Security. If you receive this Medicare reimbursement, the gross amount of your pension checks will be greater than the gross amount shown on your *Form 1099-R* because the Medicare reimbursement is not taxable. The Medicare premium reimbursement is subtracted from your total gross income to determine the gross pension reported to the IRS.

Why doesn't my gross allowance equal 12 times the amount of my December 1 check?

When you receive a cost-of-living increase, your pension is changed each year with the February 1 check. Therefore, the gross allowance for your January 1 check is usually less than your next 11 checks.

Is my disability pension taxable?

If you are receiving a disability pension, your benefits are not subject to New Jersey income tax until you reach age 65.

If you are receiving an *Accidental* Disability pension, — or if you are a survivor receiving *Accidental Disability* or *Accidental Death* benefits — the Division of Pensions and Benefits reports your benefit as exempt from federal income tax.

Ordinary Disability pensions are subject to federal tax to the same extent as other pensions.

Any additional questions should be referred to the IRS at the number listed below.

**THE DIVISION OF PENSIONS AND BENEFITS CANNOT GIVE TAX ADVICE.
CONSULT THE IRS (1-800-TAX-1040), OR THE NJ DIVISION OF TAXATION (1-800-323-4400 in NJ),
OR YOUR TAX ADVISOR FOR ASSISTANCE.**

This fact sheet has been produced and distributed by:

New Jersey Division of Pensions and Benefits • PO Box 295 • Trenton, New Jersey 08625-0295

(609) 292-7524 • TDD for the hearing impaired (609) 292-7718

URL: <http://www.state.nj.us/treasury/pensions> • E-mail: pensions.nj@treas.state.nj.us

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

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

Cost-of-Living Adjustments

Public Employees' Retirement System • Teachers' Pension and Annuity Fund
 Police and Firemen's Retirement System • State Police Retirement System • Judicial Retirement System
 Consolidated Police and Firemen's Pension Fund • Prison Officers' Pension Fund

On June 28, 2011, Governor Christie signed Chapter 78, P.L. 2011, the Pension and Health Benefit Reform Law. This law provides for changes to the manner in which the State-administered retirement systems operate and to the benefit provisions of those systems.

Under a provision of Chapter 78, P.L. 2011, future Cost-of-Living Adjustments (COLA) are suspended for retirees and benefit recipients of all retirement systems. Please be assured, 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 provides for the establishment of Pension Committees for the retirement systems that are open to new members, which may consider reinstating the COLA when the retirement system reaches a "target funded ratio" established by the law. At that time, the Pension Committees are to give the reactivation of the COLA priority consideration.

"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%.

Prior to the enactment of Chapter 78, P.L. 2011, the Pension Adjustment Program provided a cost-of-living adjustment (or COLA) to retirees and their eligible survivors if receiving a monthly retirement allowance from one of the state-administered retirement systems. The first COLA was paid in the 25th month after the date of retirement. Subsequent cost-of-living adjustments were computed annually and the adjustment was reflected in the February 1st check (which is payment for the month of January). If

a beneficiary was entitled to receive a monthly pension upon a retiree's death, the COLA was applied to that benefit based upon the year of retirement.

To calculate the COLA, the Division of Pensions and Benefits used the CPI for Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average, All Items, 1982-84=100. The rate of increase was equal to 60 percent of the percentage of change between the average CPI for the calendar year in which the member retired and the average CPI for the 12 month period ending August 31st immediately preceding the year when the adjustment was payable.

For COLA recipients who retired in 2007 and earlier the 2011 COLA calculation was offset by an amount equal to the reduction that should have occurred in 2010. For additional information about the "offset calculation," see the Divisions' Web site at: www.state.nj.us/treasury/pensions/cola-2011.shtml

Example: To calculate the COLA due February 1, 2011 for members who retired in 2007 or earlier:

A member retired in 2000 with a monthly retirement allowance of \$1,278.35*. The average CPI for the twelve months ending December 31, 2000 was 168.9. The average CPI for the twelve months ending August 31, 2010 was 212.94.

- To calculate the change in the CPI, subtract 168.9 from 212.94.

$$212.94 - 168.9 = 44.04$$

- To calculate the percentage change in the CPI between the retirement year 2000 and the 12 months ending August 31, 2010, divide 44.04 by 168.9. The result equals 26.075%.

$$44.04 \div 168.9 = 26.075\%$$

*If the member chose Option 1, the COLA would be calculated on the Maximum Option.

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

- The cost-of-living adjustment rate for February 1, 2011 equals 60% of 26.075%, or 15.645%.
 $60\% \times 26.075\% = 15.645\%$
- To calculate the percentage change in the CPI decrease, divide -0.42** by 168.9. The result equals -0.249%.
 $-0.42 \div 168.9\% = -0.249\%$
- The cost of living adjustment offset for February 1, 2011 equals 60% of -0.249%, or -0.149%.
 $60\% \times -0.249\% = -0.149\%$
- The cost of living adjustment offset for this member equals -0.149% of \$1,278.35, or -\$1.90.
 $\$1,278.35 \times -0.149\% = -\1.90
- Therefore, the cost of living adjustment for this member equals 15.645% of \$1,278.35 less the 2010 COLA offset:
 $\$1,278.35 \times 15.645\% =$
 $\$200.00 - \$1.90 = 198.10$
- Total monthly benefit equals \$1,476.45.
 $\$1,278.35 + \$198.10 = \$1,476.45$
- To calculate the percentage change in the CPI between the retirement year 2009 and the 12 months ending August 31, 2010, divide 3.31 by 209.63. The result equals 1.579%.
 $3.31 \div 209.63 = 1.579\%$
- The cost-of-living adjustment rate for February 1, 2011 equals 60% of 1.579%, or 0.947%.
 $60\% \times 1.579\% = 0.947\%$
- Therefore, the cost-of-living adjustment for this member equals 0.947% of \$2,500.00, or \$23.68.
 $\$2,500.00 \times 0.947\% = \23.68
- The total monthly benefit equals \$2,523.68
 $\$2,500.00 + \$23.68 = \$2,523.68$

The cost-of-living adjustment amount can be found under the "Current Earnings" section on your retirement benefit check stub. **You can view your COLA amount at any time through the Member Benefits Online System (MBOS).** Registration information for MBOS is available on the Division of Pensions and Benefits Web site: www.state.nj.us/treasury/pensions After you complete the MBOS registration process, simply log on to MBOS and select the "Retired Account Information" button on the MBOS home page.

You can also verify your current allowance and deduction information at any time by calling our Automated Information System, (609) 777-1777. When calling, you will be asked to enter your Social Security number.

For COLA recipients who retired in 2008 and 2009 there was no offset since no COLA was paid to these retirees in 2010.

Example: To calculate the COLA due February 1, 2011 for members who retired in 2008 or 2009:

A member retired in 2009 with a monthly retirement allowance of \$2,500.00*. The average CPI for the twelve months ending December 31, 2009 was 209.63. The average CPI for the twelve months ending August 31, 2010 was 212.94.

- To calculate the change in the CPI, subtract 209.63 from 212.94.
 $212.94 - 209.63 = 3.31$

* If the member chose Option 1, the COLA would be calculated on the Maximum Option.

** The decrease in the average CPI for the 12 month period ending August 31, 2008 (COLA payable in calendar year 2009) from the average CPI for the 12 month period ending August 31, 2009 (COLA payable in calendar year 2010) equals -0.42.

This fact sheet has been produced and distributed by:
New Jersey Division of Pensions and Benefits • PO Box 295 • Trenton, New Jersey 08625-0295
(609) 292-7524 • TDD for the hearing impaired (609) 292-7718
URL: <http://www.state.nj.us/treasury/pensions> • E-mail: pensions.nj@treas.state.nj.us

This fact sheet is a summary and not intended to provide total information.
 Although every attempt at accuracy is made, it cannot be guaranteed.

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

Employment After Retirement

Police and Firemen's Retirement System

This fact sheet provides information a Police and Firemen's Retirement System (PFRS) retiree should consider before returning to the work force in either a full- or part-time basis.

Working for private industry, the federal government, or a government agency in another state will not normally affect your PFRS retirement benefits.

Returning to public employment in New Jersey after retirement, however, could affect your benefits as shown in the following information.

IRS PROVISIONS

A PFRS retiree who returns to public employment before age 59½ may be subject to 10 percent additional federal tax withholding for an in service distribution under the Internal Revenue Code. Because this issue is fact sensitive, you should consult with the Internal Revenue Service or a qualified tax consultant and **are strongly advised to use caution if considering a return from retirement to public employment.**

BONA FIDE RETIREMENT

In applying the return to employment provisions described in this fact sheet, it is assumed that the PFRS retirement is considered to be “bona fide.” This means the retiree has **made a good faith action to retire** and that **the employer/employee relationship is completely severed.**

- A “bona fide” retirement must also be “due and payable.” Your retirement does not become “due and payable” until there has been a cessation of employment of *at least* 30 days following your retirement date, or 30 days following approval of your retirement by the PFRS Board of Trustees, whichever is later. If you return to a PFRS covered position — on either a paid or voluntary basis — before the 30 days have elapsed, you should expect to continue enrollment in the PFRS. Your retirement will be considered invalid, and you

will remain an active employee under your original PFRS account.

Other situations where a retirement may not be considered “bona fide” include, but are not limited to, the following examples:

- If you make arrangements prior to your retirement to return to the same or similar public employment as a regular employee, contract employee, leased employee, or an independent contractor, the employer/employee relationship has not been completely severed — regardless of the length of any break in employment — and your retirement will be determined to be invalid. In this case you will remain an active employee under your PFRS account while in the new position.
- If you are re-employed or appointed by the same employer to the same or a similar position that would have qualified for continued membership in the retirement system had the retirement not occurred, this may indicate that the employer/employee relationship has not been completely severed and, therefore, your retirement may be determined to be invalid. In this case you will remain an active employee under your PFRS account while in the new position.

If your retirement is determined to be invalid (not “bona fide”), you will be required to reimburse the retirement system for the amount of any retirement benefits you receive from the date of retirement and be required to pay pension contributions in the form of back deductions going back to the reenrollment date. **There is no limitation on the amount of reimbursement that may be recovered by the retirement system in these situations.**

The information contained in the rest of this fact sheet assumes that the returning retiree has a “bona fide” retirement. If it is established at any time that the retirement was not made in good faith or that the employer/employee relationship was not completely severed, the provisions described below

will not apply.

PFRS RETIREE RETURNING TO WORK IN A PFRS COVERED POSITION

PFRS Enrollment Required

N.J.S.A. 43:16A-15.3 requires that if you return to employment covered by the PFRS, you must suspend your retirement and and reenroll in the PFRS as a condition of employment. All eligibility requirements must be met except the age requirement (see “Exception for Elected Officials” below and special rules for “Police and Fire Administrative or Supervisory Positions” on page 4).

Your prospective employer should be able to tell you whether the employment you are considering is covered under the PFRS. However, if there is any doubt, you should have the prospective employer contact the Division of Pensions and Benefits for verification prior to your accepting any public employment after retirement. You will be responsible for any penalties imposed based on violation of the law.

Exception for Elected Officials

Under the provisions of N.J.S.A. 43:16A-3.5, members of the PFRS holding public office can retire from the office to which the member was elected and continue to receive a full salary for that office provided that the member’s retirement allowance is not based solely on service in that public office. The member will stop making pension contributions as of the retirement date. No further service credit will accrue after retirement and only the retired death benefit (life insurance) of 50 percent of Compensation* would be paid (instead of 3½ times Compensation paid upon the death of an active member).

Your Second PFRS Membership

If reenrolled, your retirement allowance and any related health benefits will be canceled for the duration of your employment and you become a new

***“Compensation” means the base salary in the 12 months immediately preceding your retirement (or death if an active member).*

active contributing member of the PFRS.

Your date of reenrollment is determined under the general enrollment procedures of the PFRS and you are treated as an active PFRS member in all respects. You will be enrolled in a new PFRS account under the membership tier in effect at the time you return to employment (see special rules for “Disability Retirees Restored to Active Service in the PFRS” on page 4).

Survivor’s Benefit During Your Second PFRS Membership

If you die while in the second membership, no benefits from the previous membership or retirement are payable. This means that survivor benefits from the suspended retirement would not be paid to your beneficiaries.

Survivor benefits based on your second PFRS membership would be payable to your beneficiaries.

N.J.S.A. 43:16A-9 provides that in the event of death occurring *in the first year* of creditable service, the survivor’s benefit is computed at the annual rate of compensation.

Life Insurance Benefit During Your Second PFRS Membership

If your death occurs in active service, your named beneficiary (or estate where there is no named beneficiary) will receive a death benefit (life insurance) equal to 3½ times your Compensation.*

If you die during the first year of creditable service, the benefits will be 3½ times the creditable salary you actually received upon which pension contributions were paid, and not on your annual Compensation.

FAILURE TO ENROLL IN A PFRS ELIGIBLE POSITION

If you return to employment under the PFRS and

- You are eligible for membership but you fail to reenroll; or
- It is determined that your PFRS retirement is not “bona fide” (see page 1);

You will be required to reimburse the retirement

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

system in the amount of all retirement benefits you received from the date you should have reenrolled and — if still employed — enroll in the PFRS. In addition, you will be required to pay pension contributions in the form of back deductions back to the date you should have been reenrolled. Your employer may also be liable for pension and Social Security contributions.

There is no limitation on the amount of reimbursement that may be recovered by the retirement system in these situations.

REENROLLMENT PROCEDURES

The following steps should occur when you are reemployed and reenrolled in the PFRS:

1. Your employer must submit a PFRS *Enrollment Application* on your behalf to the Division of Pensions and Benefits. You will be enrolled in a new PFRS account under the membership tier in effect at the time you are reemployed.
2. Your retirement allowance will be suspended as of the date you are required to reenroll. The date of enrollment is not negotiable. The Retirement Bureau of the Division of Pensions and Benefits will advise you of the suspension.
3. Your *Enrollment Application* will be processed and a *Certification of Payroll Deductions* will be sent to your employer. This certification will include instructions to collect pension contributions and any back deductions, if appropriate.
4. You will be billed for any retirement payments you received after the effective date of your new PFRS enrollment. Because of the sequence of events, most retirees are enrolled in the PFRS on a retroactive basis. You should therefore anticipate that you will be required to refund one or more pension checks to the retirement system.
5. On or before the effective date of your second retirement, you must file an *Application for Retirement Allowance*. You must meet all the qualifications and requirements for retirement under the PFRS membership tier of your

second account. Your former retirement allowance will be restored along with any appropriate cost-of-living adjustment due based upon your original date of retirement. In addition, you will receive a retirement allowance based upon your new period of service. The two calculations are paid in separate retirement checks.

The retirement allowance based upon your new period of service uses the Service Retirement formula that is equal to 2 percent of Final Compensation** for each year of creditable service. Under no circumstances can the two accounts be combined to produce a benefit to exceed the benefit you would have received had you remained continuously employed.

For example, if you retired after 25 years with a Special Retirement equal to 65 percent of Final Compensation and then returned to work in a PFRS covered position for another 10 years which is equal to 20 percent of Final Compensation under a Service Retirement, your combined benefit could not exceed 70 percent of Final Compensation, the maximum benefit you could have expected to receive had you continued in your first position.

Service credit from your first and second account can be combined to qualify for employer-paid health benefits coverage. In order to receive this coverage, you must meet the eligibility requirements for State- or employer-paid coverage when you retire from your final employer in the retirement system.

RETURNING TO WORK IN A POSITION COVERED BY A DIFFERENT NEW JERSEY STATE-ADMINISTERED RETIREMENT SYSTEM

If, as a “bona fide” retiree, you return to work covered by a different New Jersey State-administered retirement system, your PFRS retirement allowance may continue and you can receive salary from the employment; however, you cannot become a

***“Final Compensation” means the base salary in the 12 months immediately preceding retirement if enrolled on or before May 21, 2010, or the average salary for any three fiscal years if enrolled after May 21, 2010.

member of that retirement system (see “IRS Provisions” on page 1 about federal tax implications).

Police and Fire Administrative or Supervisory Positions

N.J.S.A. 43:16A-3.1 addresses the special situation of a PFRS retiree who is appointed to a position with a law enforcement unit or firefighting unit with administrative or supervisory duties over police officers and/or firefighters (such as Police Director, Fire Director, Director of Public Safety, etc.). If a PFRS retiree is appointed to this type of position less than six months after retirement, that retiree **must** suspend the retirement allowance and reenroll in the PFRS.

DISABILITY RETIREES RESTORED TO ACTIVE SERVICE IN THE PFRS

If you retired on a PFRS disability retirement *but are no longer disabled*, before you can return to active service in a PFRS eligible title you must be under age 55 and:

1. Make a written request to return to active service to the Division of Pensions and Benefits.
2. Submit a physician's report to the Division certifying that you are no longer disabled and can return to employment. The physician should be one with the same specialty as the physician who originally certified that you were disabled.
3. Be examined by a physician appointed by the PFRS Board of Trustees.
4. Be approved for return to active service by the PFRS Board of Trustees.

Please note: The process for returning to employment from a disability retirement may take up to six months so please plan accordingly. Processing times vary and cannot begin until the Division of Pensions and Benefits receives all the necessary information from you and your medical providers. *If you are within a year of reaching the age of 55, all required documentation must be received by the Division six months prior to your*

turning age 55.

If approved to return to active service in a position covered by the PFRS, your original PFRS account and “membership tier” are restored, deductions for pension resume, and you are treated as an active member in all respects.

Upon subsequent retirement, you must meet the retirement qualifications of your PFRS membership tier and file an *Application for Retirement Allowance* with the Division of Pensions and Benefits before any benefits can be paid. You will receive a benefit based on total service.

OTHER CONSIDERATIONS

Health Benefits Retired Group Coverage

Returning to public employment in New Jersey may affect your eligibility to continue coverage under the State Health Benefits Program (SHBP) or the School Employees' Health Benefits Program (SEHBP). If your retirement allowance is suspended because you return to work in a position covered by the PFRS, your SHBP or SEHBP retired group coverage is also suspended.

If you are covered under the SHBP or SEHBP (for reasons other than Chapter 330 — see below), returning to a position that is not covered by the PFRS will not affect your eligibility for retired group coverage under the SHBP or SEHBP. Maintaining SHBP/SEHBP retired group coverage also does not affect your eligibility for active group health coverage associated with your new (non-PFRS) employment, provided that the active coverage is not through the SHBP or SEHBP — multiple SHBP/SEHBP coverage as **both** a retiree and an employee is prohibited.

Chapter 330 Members — Chapter 330, P.L. 1997, provides SHBP or SEHBP coverage for certain retired police officers and firefighters whose employers do not pay for the health benefits for their retirees. Under this law, the State of New Jersey pays a portion of the retiree's premiums with the retiree paying the remainder.

If you participate in the SHBP or SEHBP due to the

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

provisions of Chapter 330, and obtain health benefits coverage **from any other employment** (including employment in the private sector), you are not eligible for Chapter 330 coverage while that other coverage is in effect. This is true even if your retirement benefit is not affected by your employment. You should notify the Division of Pensions and Benefits, in writing if you have active coverage as an employee. When coverage from other employment ends, you are eligible to reenroll in Chapter 330 coverage as long as you notify the Division of the loss of other coverage within 60 days. If you do not notify the Division within this time frame, you cannot reenroll for coverage until you become eligible for Medicare coverage. Should you die as an active employee, your spouse, civil union partner, or eligible same-sex domestic partner may only be eligible to pay for COBRA coverage from the active employer for 36 months.

Social Security Benefits

There is an earnings test for people under full retirement age receiving Social Security benefits. Check with the Social Security Administration at 1-800-772-1213 for information on earnings limits before accepting employment.

**SPECIAL NOTICE FOR RETIREES
IF REENROLLED TO A
PFRS COVERED POSITION**

If you are reenrolled in the PFRS after retirement, you are treated as an active member in all respects. Your retirement allowance is suspended as a result of a return to PFRS covered employment and no retirement or insurance benefits associated with your former retirement will be paid to your beneficiary should you die during your second membership. Once you retire again, the death benefits associated with retirement become effective.

This fact sheet has been produced and distributed by:

**New Jersey Division of Pensions and Benefits • PO Box 295 • Trenton, New Jersey 08625-0295
(609) 292-7524 • TDD for the hearing impaired (609) 292-7718**

URL: <http://www.state.nj.us/treasury/pensions> • E-mail: pensions.nj@treas.state.nj.us

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

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

**POLICE AND FIREMEN'S RETIREMENT SYSTEM
NEW JERSEY DIVISION OF PENSIONS AND BENEFITS**

APPLICATION FOR RETIREMENT ALLOWANCE

**PLEASE READ THESE INSTRUCTIONS AND FACT SHEET #19 CAREFULLY
BEFORE COMPLETING THIS APPLICATION.**

PLEASE DETACH THE APPLICATION FROM THE BOOKLET BEFORE MAILING.

When to File — All retirements are effective on the first of the month. File this application with the Division of Pensions and Benefits before your retirement date or you will lose benefits. Four to six months advance filing is recommended. You must terminate employment before your retirement date. Mail your completed application to the New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

INSTRUCTIONS

Please print — black ink preferred — or type.

PART ONE: MEMBER INFORMATION

ITEM 1: MEMBERSHIP NUMBER — Enter your pension system membership number.

ITEM 2: SOCIAL SECURITY NUMBER — Enter your Social Security number.

ITEM 3: DATE OF BIRTH — Enter the month, day, and year of your birth. You should submit a copy of your birth or baptismal certificate if you have not already done so.

ITEM 4: NAME — Enter your full name. If you are married, use your given name, not, for example, "Mrs. John Smith."

ITEM 5: ADDRESS — Enter your present mailing address. Report any change of address before you begin receiving a pension to the Retirement Bureau at the address shown above. Provide your Social Security number and retirement date in the letter. Or, you may change your address over the Internet by using our online change of address form for pending retirees at: www.state.nj.us/treasury/pensions

ITEM 6 AND ITEM 7: TELEPHONE NUMBERS — Enter your home and cell telephone numbers. Include your area code.

ITEM 8: HOME E-MAIL ADDRESS — Enter your home e-mail address, if you have one. E-mail addresses are used to communicate with you about your retirement application, and are not released for any other purpose.

ITEM 9: EMPLOYER — Enter the name of the employer(s) from which you are retiring.

ITEM 10: TITLE/POSITION — Enter the title(s) or position(s) you held with the employer(s) listed above.

PART TWO: ACKNOWLEDGEMENT OF TERMS AND CONDITIONS OF RETIREMENT

You must agree to and sign the terms and conditions when applying for retirement. If you fail to sign the acknowledgement, your *Application for Retirement Allowance* will not be processed.

PART THREE: RETIREMENT INFORMATION

ITEM 11: RETIREMENT DATE — Enter the month and year you wish to retire. The earliest retirement date available to you is the first of next month. Your application must be received by the Division of Pensions and Benefits prior to your retirement date.

ITEM 12: PURCHASE INFORMATION — Mark whether or not you have applied for a purchase of service credit within the past six months.

ITEM 13: TYPE OF RETIREMENT — Mark the type of retirement for which you are applying. See Fact Sheet #19 for an explanation of each type.

PART FOUR: MARITAL STATUS AND CHILDREN

ITEM 14: MARITAL STATUS — Mark the appropriate box to indicate your current marital status.

ITEM 15: NAME OF SPOUSE, CIVIL UNION PARTNER, OR DOMESTIC PARTNER — If you are currently married or have entered into a civil union or domestic partnership, enter your spouse's, civil union partner's, or eligible domestic partner's full name. See Fact Sheet #19, *Applying For Retirement*, for definitions.

ITEM 16: SPOUSE'S, CIVIL UNION PARTNER'S, OR DOMESTIC PARTNER'S SSN — Enter your spouse's, civil union partner's, or eligible domestic partner's Social Security number.

ITEM 17: SPOUSE'S, CIVIL UNION PARTNER'S, OR DOMESTIC PARTNER'S ADDRESS — Complete this item only if your spouse's, civil union partner's, or eligible domestic partner's mailing address is different than yours.

ITEM 18: CHILDREN — List all unmarried child(ren) under the age of 18 (or older if still in high school), or of any age if disabled because of mental or physical incapacity and 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 Medical Review Board. Indicate the name, gender, and date of birth of each child. If you need to list more than three children, do so on a separate sheet of paper to be attached to this application.

PART FIVE: DESIGNATION OF GROUP LIFE INSURANCE BENEFICIARIES

You may name any person or persons as well as an institution, charity, your estate, etc., as a beneficiary for your group life insurance. If you designate an institution or charity, you must also include the institution's or charity's date of incorporation. You may also name multiple beneficiaries. The beneficiary designation you make on your retirement application is effective when your *Application for Retirement Allowance* is filed with the Division of Pensions and Benefits and supercedes any previous designation(s).

You should name both a Primary Beneficiary(ies) and a Contingent Beneficiary(ies) for this benefit. If you find it necessary to use additional sheets to complete this section, the attachments must also be signed.

Primary Beneficiaries — List the full name, address, date of birth, and relationship to you of the individual(s)/entity(ies) you want to receive your life insurance proceeds. If you name more than one Primary Beneficiary, the "lump sum" insurance proceeds will be divided equally among those listed. If you do not wish to divide the proceeds equally, please contact the Division of Pensions and Benefits for assistance.

Contingent Beneficiaries — List the full name, address, date of birth, and relationship to you of

the individual(s)/entity(ies) you want to receive your life insurance proceeds should your primary beneficiaries not be living at the time of your death. If you name more than one Contingent Beneficiary, the "lump sum" insurance proceeds will be divided equally among those listed. If you do not wish to divide the proceeds equally, please contact the Division of Pensions and Benefits for assistance.

MEMBER'S SIGNATURE AND DATE

MEMBER'S SIGNATURE AND DATE – Sign and date the application. Your application **cannot be processed without your signature.**

AUTHORIZATION FOR DIRECT DEPOSIT

Included in this packet is a form for initiating the direct deposit of your retirement checks. Direct deposit of your benefit payment is **mandatory**. (Except for foreign mailing addresses.) Complete the *Authorization for Direct Deposit of Benefit Payment* and send it to the Division of Pensions and Benefits along with your retirement application.

Having your retirement check directly deposited into your checking or savings account eliminates the possibility of a check being lost or stolen. Upon verification of your account information with your bank, your retirement check will be directly deposited in your checking or savings account and you will receive a *Statement of Allowances and Deductions* in the mail. Thereafter, you will receive a *Statement of Allowances and Deductions* each December that summarizes your allowance and deduction information for the year. You will also receive the statement anytime there is a change to your financial information, bank information, or your address. Otherwise, monthly statements are not sent, however, your monthly allowance and deduction information is always available 24 hours a day, 7 days a week by calling the Division's Automated Information System at (609) 777-1777. Past and current payroll information can also be seen on the Member Benefits Online System (MBOS).

EMPLOYER CERTIFICATION

It is important that you notify your employer of your retirement plans since your employer must complete the *Certification of Service and Final Salary - Retirement*. The Division will request the certification from your employer. Your retirement cannot be processed until the Division of Pensions and Benefits receives this certification.

**POLICE AND FIREMEN’S RETIREMENT SYSTEM
NEW JERSEY DIVISION OF PENSIONS AND BENEFITS
APPLICATION FOR RETIREMENT ALLOWANCE**

**PLEASE READ THE ATTACHED INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS APPLICATION.
PLEASE DETACH BEFORE MAILING THE APPLICATION.**

PART ONE: MEMBER INFORMATION (Please print - black ink preferred - or type.)

- 1. MEMBERSHIP NUMBER _____
- 2. SOCIAL SECURITY NO. _____ 3. DATE OF BIRTH _____
Month Day Year
- 4. NAME _____
Last First Middle
- 5. ADDRESS _____
Street Apt. No.

City State Zip
- 6. HOME PHONE (_____) _____ 7. CELL PHONE (_____) _____
- 8. HOME E-MAIL ADDRESS _____
- 9. EMPLOYER _____ 10. TITLE/POSITION _____

PART TWO: ACKNOWLEDGEMENT OF TERMS AND CONDITIONS OF RETIREMENT

You must agree to and sign these terms and conditions when applying for retirement. If you fail to sign this acknowledgement your *Application for Retirement Allowance* will not be processed.

- I understand that I must meet all of the eligibility requirements for retirement and **cannot submit an application more than one year before my retirement date** (if applying for Deferred Retirement, I may file more than one year in advance upon termination of employment).
- I understand that my employer will be notified that I have filed an application for retirement.
- I understand that if I cancel or change my retirement date and submit a new application with a later retirement date, **it is my responsibility** to notify my employer to ensure that any active health benefits are not canceled and that my employment remains uninterrupted.
- I understand that changing or canceling my retirement date does not guarantee continued employment with my employer.
- I understand that I cannot make pre-arrangements with my employer to return to employment in any capacity.
- I understand that the beneficiary designation I am indicating on this retirement application **supersedes all prior designations**, even if my retirement is not yet effective or if I cancel my retirement. The Division of Pensions and Benefits will honor this as my most recent beneficiary designation on file, unless another beneficiary designation is made after the retirement application.

MEMBER’S SIGNATURE

DATE

_____, 20____
I have read and agree to the “Terms and Conditions of Retirement”, have not pre-arranged with my employer to return to employment in any capacity, and attest that the information provided on this application is true and correct.

SIGN THIS PAGE AND CONTINUE TO PART THREE

STATE OF NEW JERSEY - DIVISION OF PENSIONS AND BENEFITS

AUTHORIZATION FOR DIRECT DEPOSIT OF BENEFIT PAYMENT

INSTRUCTIONS:

- A: Read the terms and conditions listed below.
- B: Enter your name, mailing address, retirement number (for retirement payment and survivor benefit), Social Security number, and home telephone number.
- C: Mark the appropriate payment and account type boxes, and print the financial institution's account number, routing number, and name and address where indicated. Be sure to double-check your account and 9-digit routing numbers before submitting this form — inaccurate information will delay processing of this application or your payment.
- D: You and all other parties to this account must sign the form.
- E: Attach a VOIDED check if using a checking account and return the completed form to the Division of Pensions and Benefits.

MAIL TO:
Direct Deposit
Division of Pensions
and Benefits
PO Box 295
Trenton, NJ 08625-0295

RECIPIENT INFORMATION — Please Print Legibly

Your Name: _____

Your Address: _____

Fund: PERS TPAF PFRS SPRS JRS

Retirement No: _____
 (For Retirement Payment and Survivor Benefit Only)

Social Security No: _____

Home Phone No: _____

TYPE OF PAYMENT: RETIREMENT PAYMENT/SURVIVOR BENEFIT

Your Account Number

TYPE OF ACCOUNT: CHECKING SAVINGS

Financial Institution's 9-digit Routing Number

Name of Financial Institution

Street of Financial Institution

City, State, Zip of Financial Institution

Your Signature and Date

Signature(s) of Other Persons On Account and Date(s)

Please read the terms and conditions below and
ATTACH A VOIDED CHECK IF AUTHORIZING A CHECKING ACCOUNT
 (used to verify your financial institution's routing and account number)

TERMS AND CONDITIONS

Benefit Recipient

I authorize the New Jersey Division of Pensions and Benefits and the financial institution indicated to directly deposit my net retirement allowance or survivor benefit each month to the account specified. Direct deposit under this authorization is full satisfaction and discharge of the amount then due and payable under the retirement system or benefit program. I understand that the provisions of the statutes governing the pension funds prohibit the deposit of retirement payments to a trust fund. I understand that any retirement allowance or survivor benefit forwarded to the financial institution with a due date after my death will be refunded to the appropriate retirement system. I agree that the financial institution shall have the right of offset for such a refund.

I further understand that this agreement may be changed by me upon written notification to the Division of Pensions and Benefits. The change will be processed for the pay period following receipt of the notice by the Division. I understand that a change in the title of this account which alters the interest of any party terminates this authorization, a notification must then be submitted. I understand that it is my responsibility to inform the Division of Pensions and Benefits of address changes immediately. I authorize the financial institution to provide the Division of Pensions and Benefits with my home address.

Other Parties to the Account

As a party to this account, I understand that I am personally liable, both individually and as a member of the group of parties to this account, for the full amount of all retirement allowances or survivor benefit payments with due dates after the death of the benefit recipient withdrawn from the account. This liability is to the retirement system or benefit program. If I am entitled to any benefit from the retirement system or benefit program as a beneficiary of the benefit recipient, the amount of my liability may be deducted from the amount payable to me. I agree that the financial institution shall have the right of offset for such a refund and I authorize the financial institution to provide the Division of Pensions and Benefits with my home address.

**POLICE AND FIREMEN'S RETIREMENT SYSTEM
CERTIFICATION OF SERVICE AND FINAL SALARY — RETIREMENT**

THIS FORM MUST BE COMPLETED BY EMPLOYING AGENCY — SEE INSTRUCTIONS ON REVERSE SIDE

1. **NAME OF MEMBER** _____

2. **MEMBERSHIP NO.** _____ 3. **SOCIAL SECURITY NO.** _____

4a. **EMPLOYING AGENCY** _____ 4b. **EMPLOYER LOCATION NO.** _____

5. **DATE SERVICE TERMINATED** ____/____/____ *Applicant will not render any service to, or earn salary from this agency after date service terminated. This date must be before the retirement date.*

6. a) Is the member currently on suspension? NO YES *If yes, give date of suspension* _____
Is suspension Paid or Unpaid

b) Is the applicant facing or recently been considered for disciplinary action or indictment? NO YES *If yes, attach copies of the preliminary and final notices of disciplinary action or their equivalents or a copy of the indictment.*

7. List unpaid leaves of one month (pay period for state locations) or more, without pay, within the last 12 working months.

REASON FOR ABSENCE	DATE OF ABSENCE (FROM - TO)	REASON FOR ABSENCE	DATES OF ABSENCE (FROM - TO)
	TO		TO
	TO		TO

8. Base salary subject to pension fund contributions paid for the last full year of service ending on the date of termination (line 5 above). Please list number of months at the particular salary range, and show a total of 12 months for a 12-month employee or 10 months for a 10-month employee.

	TOTAL	
# _____ months @ \$ _____ from _____ to _____	\$ _____	
# _____ months @ \$ _____ from _____ to _____	\$ _____	
# _____ months @ \$ _____ from _____ to _____	\$ _____	
# _____ months @ \$ _____ from _____ to _____	\$ _____	
TOTAL BASE SALARY PAID FOR LAST YEAR OF SERVICE \$		_____

9. If the member received a significant annual salary increase in the last three years of employment, please attach a detailed explanation along with supporting documentation such as salary guides, contracts, and ruling body minutes. If the explanation or documentation is not attached, the processing of the member's retirement will be delayed until the Division receives it.

10. Has there been any retroactive salary paid to the employee within the past three years? If so, please describe below:

AMOUNT OF PAYMENT	DATE OF PAYMENT	COVERING THE DATES (FROM - TO)	PENSION DEDUCTION	NEW ANNUAL BASE SALARY
\$ _____		TO	\$ _____	\$ _____
\$ _____		TO	\$ _____	\$ _____
\$ _____		TO	\$ _____	\$ _____

11. The following deductions have been made or will be made from the member's base salary during the final two quarterly periods including the quarter in which service terminated (see QUARTERLY REPORT OF CONTRIBUTIONS).

State biweekly reporting agencies should attach a screen print of TREADHOC biweekly certification with salaries projected until termination date in lieu of Item 12.

QUARTER ENDING	BASE SALARY SUBJECT TO CONTRIBUTIONS THIS QUARTER	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL PENSION DEDUCTIONS
				NO. PAYMENTS	AMOUNT		
	\$ _____	\$ _____	\$ _____	\$ _____		\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____		\$ _____	\$ _____

COMPLETED BY _____ **PHONE NUMBER** _____
E-MAIL ADDRESS _____

By signing this statement I am certifying, under penalty of perjury, to the truthfulness of the information contained herein.

SIGNATURE OF CERTIFYING OFFICER _____ **DATE** _____

INSTRUCTIONS

This form must be completed by the employer when a member files an application for retirement benefits. Failure to provide this information will delay processing the member's retirement application.

ITEMS REQUIRING SPECIAL ATTENTION

- ITEM 5:** A member must terminate employment **before** his or her retirement date. For example, if a member is retiring April 1, he or she cannot be on payroll on April 1. In addition, an employee or employer may not make any pre-arrangements for the employee to return to employment after retirement – in any capacity – with that same employer on either a paid or volunteer basis.
- ITEM 6:** If the member was dismissed under suspension or formal indictment, place an (X) in the YES block. You must also indicate with an (X) if the suspension is paid or unpaid. If the YES box is indicated in 7b, copies of the preliminary and final notices of disciplinary action or their equivalents, or a copy of the indictment must be attached. This information is required before processing the retirement application.
- ITEM 8:** Indicate the following: (1) number of months, (2) amount of monthly base salary, (3) the beginning and ending dates of that salary, and (4) the total base salary for the period. A total of 12 months (10 months for those applicable) of salary must be indicated.

Example:

4 months @ \$ 4,000 from 9/1/99 to 12/31/99 \$ 16,000

5 months @ \$ 3,850 from 4/1/99 to 8/31/99 \$ 19,250

3 months @ \$ 3,700 from 1/1/99 to 3/31/99 \$ 11,100

Total base salary paid for last year of service \$ 46,350

- ITEM 9:** If the Division finds that there has been a significant salary increase in the last three years of employment and an explanation and supporting documentation is not included with this certification, the Division will request the information and will not process the application until the information is received. This will delay the payment of retirement benefits to the member.
- ITEM 10:** Indicate any retroactive salary increases within the last 3 years. Include: (1) amount of payment, (2) the date of payment, (3) the beginning and ending dates for each increase, (4) the pension deduction, and (5) the new annual base salary.
- ITEM 11:** Indicate the actual or projected base salary subject to pension contributions for the last two quarters preceding the termination date. It is important to indicate all deductions withheld (pension, loan, back deductions, and arrears payments). Failure to do so could result in incorrect benefits being paid. The base salary should reflect the number of months worked in that quarter.

State biweekly reporting agencies must attach a screen print of the member's TREADHOC biweekly certification with salaries projected until termination date in lieu of completing Item 12.

**SUBMIT THIS CERTIFICATION TO: RETIREMENT BUREAU
DIVISION OF PENSIONS AND BENEFITS
PO BOX 295
TRENTON NJ 08625-0295**

CHANGE RETIREMENT APPLICATION

These changes can only be made before the retirement is due and payable.

If you have applied for a *disability retirement* that has been approved by the Board of Trustees, you cannot change your retirement date or cancel your retirement.

Check one: Public Employees' Retirement System Police and Firemen's Retirement System
 Teachers' Pension and Annuity Fund

MEMBERSHIP NUMBER _____ SOCIAL SECURITY NUMBER _____

NAME _____

ADDRESS _____

_____ Check here if this is a new address.

I previously filed an *Application for Retirement Allowance* with the Division of Pensions and Benefits and wish to make the following change to that application (check box that applies):

CHANGE RETIREMENT DATE — I wish to change the effective date of my retirement from: _____ to _____. New retirement date **must be** the first day of any month after the receipt date of this change form. **Your employer must complete the salary certification on the back of this form.**

CHANGE RETIREMENT TYPE — I wish to change the type of my retirement from: _____ to _____. To change to a disability retirement you must complete an *Application for Disability Retirement*.

CHANGE OPTION SELECTION (PERS & TPAF only) — I wish to change my option selection from: _____ to _____. I understand that once my retirement is due and payable, no further change in option will be permitted. My signature indicates that I understand that if I choose the Maximum Option, there are no pension benefits payable to my spouse or other beneficiary. (If you wish to **change the option recipient** you **must** file a new *Application for Retirement Allowance*.)

CANCEL RETIREMENT — I wish to cancel my retirement which was to be effective on: _____. I will continue in employment. I understand that my original application **cannot** be reinstated and that I must file a new retirement application when I apply again on a future date.

TERMS AND CONDITIONS OF RETIREMENT

- I understand that I must meet all of the eligibility requirements for retirement and **cannot submit an application more than one year before my retirement date** (if eligible for Deferred Retirement, I may file more than one year in advance upon termination of employment).
- I understand that if I cancel or change my retirement date **it is my responsibility** to notify my employer to ensure that any active health benefits are not canceled and that my employment remains uninterrupted.
- I understand that changing or canceling my retirement date **does not** guarantee continued employment with my employer.
- I understand that I cannot make pre-arrangements with my employer to return to employment in any capacity.
- I understand that the beneficiary designation I indicated on my original retirement application **supersedes all prior designations**, even if my retirement is not yet effective or if I cancel my retirement. The Division of Pensions and Benefits will honor this as my most recent beneficiary designation on file, unless another beneficiary designation is made after the retirement application.
- **(PERS & TPAF only)** I understand that if I die prior to a new retirement date as indicated on this change request form, any retirement benefits that may be payable to a beneficiary **cannot be paid until the retirement date selected**.

MEMBER'S SIGNATURE

DATE

_____, 20____

I have read and agree to the "Terms and Conditions of Retirement", have not pre-arranged with my employer to return to employment in any capacity, and attest that the information provided on this application is true and correct.

CHANGE OF RETIREMENT EMPLOYER CERTIFICATION

1. _____

NAME OF EMPLOYEE	NAME OF EMPLOYER
SOCIAL SECURITY NUMBER	EMPLOYER'S PHONE NUMBER
MEMBERSHIP NUMBER	EMPLOYER LOCATION NUMBER

The employee named above has elected to change his/her retirement date to the date shown on the front of this form.

- **If you have already submitted** a *Certification of Service and Final Salary – Retirement* for the former date to the Division of Pensions and Benefits, please complete this form and return it to the Division.
- **If you have not already submitted** a *Certification of Service and Final Salary – Retirement*, **YOU CANNOT USE THIS FORM.** Instead, you **must** complete a *Certification of Service and Final Salary – Retirement* in its entirety and return it with this *Change of Retirement* form to the Division.

2. **DATE EMPLOYEE'S SERVICE TERMINATED** (Applicant will not render any service to or earn salaries, wages, fees or other compensation from this agency after this date.) _____

3. **BASE SALARY SUBJECT TO PENSION FUND CONTRIBUTIONS** paid for the last full year of service ending on the date of termination (line 2 above); please list number of months at a particular salary and show a total of 12 months for a 12-month employee or 10 months for a 10-month employee.

TOTAL

# _____ months @ \$ _____	from _____	to _____	\$ _____
# _____ months @ \$ _____	from _____	to _____	\$ _____
# _____ months @ \$ _____	from _____	to _____	\$ _____
# _____ months @ \$ _____	from _____	to _____	\$ _____

TOTAL BASE SALARY PAID FOR LAST YEAR OF SERVICE \$ _____

4. **THE FOLLOWING DEDUCTIONS HAVE BEEN MADE** or will be made from the member's base salary during the final two quarterly periods including the quarter in which service terminated (see **Quarterly Report of Contributions**).

State biweekly reporting agencies should attach a screen print of TREADHOC biweekly certification with salaries projected until termination date in lieu of Item 4.

QUARTER ENDING	BASE SALARY SUBJECT TO CONTRIBUTIONS THIS QUARTER	PENSION CONTRIBUTION	LOAN REPAYMENT	BACK DEDUCTIONS		ARREARS AND/OR PURCHASES	TOTAL PENSION DEDUCTIONS
				NO. PAYMENTS	AMOUNT		
\$		\$	\$		\$	\$	\$
\$		\$	\$		\$	\$	\$

NAME OF CERTIFYING OFFICER _____ **PHONE NUMBER** (____) _____

By signing this statement I am certifying, under penalty of perjury, to the truthfulness of the information contained herein.

CERTIFYING OFFICER'S SIGNATURE _____ **DATE** _____

