

SACT News

Supplemental Annuity Collective Trust of New Jersey



www.state.nj.us/treasury/pensions/sact.shtml

Late Winter 2012

Division of Pensions and Benefits

Tel. (609) 633-2031

Annual SACT Tax-Sheltered and Regular Contribution Limits for Calendar Year 2012

Participants of the Tax-Sheltered SACT Plan, who are under the age of 50 were able to contribute up to \$16,500, during calendar year 2011, while participants age 50 or over could contribute up to \$22,000. For the 2012 calendar year, the federal government has not changed the maximum contribution limits. Participants under the age of 50 are able to contribute up to \$17,000, while participants age 50 or over can contribute up to \$22,500.

Participants in the SACT Regular Plan have been able to contribute after-tax dollars up to \$49,000 including the 414(h) pension contributions, as described under Section 415(a)1 of the Internal Revenue Code. That limit for the 2012 calendar year has been increased to \$50,000. Since actively contributing members of the Regular Plan may still make lump-sum contributions in the third month of any calendar quarter you should take into consideration any expected personal contributions when electing your contribution rates.

Retirement Reminder

What do I need to know at retirement:

You must take distribution of your account at the same time you retire from the basic retirement system. It is your responsibility to notify the Division of Pensions and Benefits, SACT Section, of your retirement at least 30 days in advance of your effective date of retirement. It is important that you notify the Trust without delay because your account ceases to participate in the plan's earnings and losses and does not earn interest after retirement. Should you fail to file the appropriate distribution forms within the prescribed time, your account will be processed for payment under a Monthly Variable Life Annuity (no beneficiary). This is irrevocable under Chapter 8 of the New Jersey Administrative Code.

Distribution Options

Upon retirement, we will provide a quotation of your account value. This will detail your distribution options. The options are:

- A monthly variable annuity benefit for the remainder of your life will be paid unless, prior to retirement, you filed a Trust Application for Settlement at Retirement selecting one of the alternative methods of payment that follows. (There are no provisions for a beneficiary under this option.)
- A lump-sum settlement option for the value of your account at the close of the month of your retirement. Any investment gains on your SACT Regular account are eligible for tax-free rollover to an IRA.

(continued on page 2)

Retirement Reminder *(continued from page 1)*

- A 5-year certain and life thereafter option provides you with a lesser monthly annuity benefit than Option 1. Your annuity is paid for as long as you live. However, if you die within the first five years of your retirement, your named beneficiary will be paid the monthly annuity benefit until the end of the 5-year period.
- A 10-year certain and life thereafter option provides you with a lesser monthly annuity benefit than Option 1. Your annuity is paid for as long as you live. However, if you die within the first 10 years of your retirement, your named beneficiary will be paid the monthly annuity benefit until the end of the 10-year period.
- Beneficiary to receive an equal benefit option provides you with a lesser monthly annuity benefit than Option 1. Your annuity is paid for as long as you live. However, upon your death, your named beneficiary will receive the same monthly annuity for his or her lifetime. Under this option, you may not change your beneficiary after retirement.
- Beneficiary to receive one-half benefit option provides you with a lesser monthly annuity benefit than Option 1. Your annuity is paid for as long as you live. However, upon your death, your named beneficiary will receive one-half of your monthly annuity for his or her lifetime. Under this option, you may not change your beneficiary after retirement.

For additional information about your SACT benefits at retirement, contact the Defined Contribution Plans Unit at (609) 633-2031 or visit the Web site at:

www.state.nj.us/treasury/pensions/sact.shtml

Visit us on the Internet

You can visit the Supplemental Annuity Collective Trust over the Internet for answers to your most commonly asked questions, to find out how an investment fund is performing, to download an *Authorization Form*, or send us an e-mail message. Our address is:

www.state.nj.us/treasury/pensions/sact.shtml

Supplemental Annuity Collective Trust of New Jersey News

Division of Pensions and Benefits

This newsletter is published quarterly to provide news and information to members of the Supplemental Annuity Collective Trust of New Jersey. While every attempt at accuracy is made, it cannot be guaranteed. If you have questions or comments, please contact:

Supplemental Annuity Collective Trust of New Jersey News

Division of Pensions & Benefits
PO Box 295
Trenton, NJ 08625-0295
Tel. (609) 633-2031

Florence J. Sheppard
Acting Director
*Division of Pensions
and Benefits*

John D. Megariotis
Deputy Director
Financial Services

Edward Wade
Plan Administrator
*Supplemental Annuity
Collective Trust*

Steven R. Stokley
Senior Editor
Publications

Helen C. Benjamin
Editor
Publications

Serena M. Falzini
Graphic Artist
Publications