

Email message – February 17, 2022

**TO:** Certifying Officers, All Funds

**FROM:** New Jersey Division of Pensions & Benefits

**SUBJECT:** Mandatory Direct Deposit for Lump-Sum Pension Withdrawals

Effective February 23, 2022, inactive members electing to take a lump-sum withdrawal of their pension contributions will require disbursement via Electronic Funds Transfer (EFT), also known as direct deposit. Paper checks will no longer be issued for lump-sum withdrawals. Please review the information below and share it with your employees.

All members must use the Member Benefits Online System (MBOS) to apply for a withdrawal. Those electing a lump-sum withdrawal will be also be required to submit a valid ACH bank routing number and account number. Once the NJDPB verifies that the account and routing numbers are valid, the funds will be deposited in the member's account, minus 20 percent for federal income tax on the taxable portion of payment. Members should allow at least three weeks for processing.

The process is not changing for those electing a direct rollover of their funds to a qualified IRA or employer plan, or those electing a partial rollover with the remainder of funds payable to the member. Members electing a direct rollover will still receive a paper check payable to the qualified institution for their deposit, and those electing a partial rollover will receive two checks; one payable to the financial institution for their deposit, and one payable to the member for the remaining portion of the payment, minus 20 percent federal income tax on the taxable portion.

=====

Do not reply to this email message or mailbox. Incoming messages cannot be received. If you have questions or concerns about the content of this message, contact the New Jersey Division of Pensions & Benefits at: [pensions.nj@treas.nj.gov](mailto:pensions.nj@treas.nj.gov) or go to <https://www.state.nj.us/treasury/assets/contact/pensions/contact-pensions.shtml>