



Employers' Pensions and Benefits Administration Manual

For the Judicial Retirement System

JRS

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Enrollments

OVERVIEW

The Judicial Retirement System (JRS) was established on June 1, 1973, after the repeal of the laws that had provided benefits to certain members of the judiciary and their beneficiaries since 1948. For administrative purposes, the State House Commission acts as the Board of Trustees.

EMPLOYER TRAINING

All employers, including Certifying Officers and their immediate supervisors, are expected to complete Board-approved training on proper Enrollment procedures. This training is made available over the State website. Additional information about this required training is available here: *Enrollment Certification and Training Requirements under P.L. 2011, c. 52 (N.J.S.A. 43:3C-15)*. **Without training and the annual certification, an employer will be unable to process new enrollments.**

ELIGIBILITY

The Judicial Retirement System covers the Chief Justice and Associate Justices of the State Supreme Court, and all judges of the Superior Court and Tax Court of New Jersey. If an employee is a member of the State Judiciary in any of these capacities, membership in the Judicial Retirement System is required as a condition of employment.

Please note that J-1 and F-1 visa holders are not eligible for membership in the JRS; nor are M-1 or Q-1 visa holders.

REQUIRED FORM

A *JRS Enrollment Application* is required. Both the employer and the employee must complete the *JRS Enrollment Application*.

On the *JRS Enrollment Application*, the member is asked to designate a beneficiary (or beneficiaries) for

the return of pension contributions and life insurance benefits. If the member does not complete the "Designation of Beneficiary" portion of the application, the New Jersey Division of Pensions & Benefits (NJDPB) will still accept the enrollment application so that the enrollment can be processed in a timely manner, because delayed and forced enrollments can be costly to the employer.

When a member does not complete the "Designation of Beneficiary" portion of the application, the enrollment application will be processed with the member's estate listed as both group life insurance and pension beneficiaries.

In such cases, an insurance packet and policy rider confirming the estate as beneficiary will be mailed to the member.

In order to change the beneficiary information in effect once enrollment has occurred, the member must submit a separate *Judicial Retirement System Member Designation of Beneficiary* form to the NJDPB.

RATE OF CONTRIBUTION

The Pension and Health Benefit Reform Law, P.L. 2011, c. 78 (Chapter 78) increased the JRS member contribution rate by an **additional 9 percent** — to be phased-in over a seven-year period. This increase is calculated in one of two different ways depending upon when a member was enrolled in the JRS.

- **If you enrolled in the JRS on or after January 1, 1996**, your original contribution rate to the retirement system was 3 percent of your total base salary. Under Chapter 78, the rate increased each year between October, 2011, and July, 2017, to a total rate of 12 percent.
- **If you enrolled in the JRS prior to January 1, 1996**, your original contribution rate to the retirement system was 3 percent of *the difference* between your current salary and the salary for your

judicial position as of January 18, 1982. Under Chapter 78, the additional 9 percent contribution is applied to *all compensation*. In calculating the increase, only the phased-in 9 percent rate was applied to the salary as of January 18, 1982, **and** a separate rate of 3 percent plus the phased-in 9 percent rate was applied to the balance of salary in excess of the salary as of January 18, 1982. Therefore, the split rate increased each year between October, 2011, and July, 2017, to a total additional rate increase of 9 percent.

Note: Each annual increase in the JRS contribution rate also increased the minimum repayment amount for pension loans or for the cost of a purchase of service credit if certified after the effective date of the rate change.

Back Deductions

Back deductions are mandatory pension contributions subject to Internal Revenue Code (IRC) Section 414(h). They are the pension obligations owed from the date of enrollment or transfer to the date deductions are certified to begin.

Back deductions are calculated on the member's current annual salary, **regardless of when the member is enrolled**. If back deductions are owed for a time period exceeding 12 months, 8.25 percent interest is added.

JRS is a "Qualified" Pension Plan

The JRS is a "qualified" pension plan under the provisions of the IRC Section 401(a)(17); therefore, the current federal ceiling on pensionable salary applies to base salaries of JRS members. Salary earned by a member in excess of this amount is not pensionable; that is, it may not be used in determining member contributions and benefits.

JRS Contributions are Tax-Deferred

Since January 1, 1987, mandatory pensions contributions have been federally tax-deferred under IRC 414(h). This reduces a member's gross wages subject to federal income tax. Contributions are taxable for State tax purposes. Purchases of service credit are voluntary pension contributions and ordinarily are not tax-deferred.

Consequences of Membership in Other State-administered Pension Systems

If an employee is a member of another State-administered retirement system at the time of becoming a judge, the following options are available:

- The member may elect to withdraw and receive a refund of all contributions made to the prior retirement system;
- The member may elect to transfer membership, provided the non-JRS account has not expired; or
- If eligible, the enrolled JRS member may elect to immediately receive or defer retirement benefits in the first system.

It is important for JRS members to know that they may, while serving as judges, receive a portion of the benefits earned under another retirement system. However, upon retirement from JRS, all rights to retirement benefits from a prior system must be forfeited. (Members are always entitled to a refund of contributions to a prior system, less any benefits already received.)

Eligibility for State-paid Coverage under the State Health Benefits Program at Retirement

To be eligible for State-paid health benefits upon retirement, a minimum of 25 years of service credit under the same pension system must be attained. This may have

an impact on a JRS member's decisions to purchase service credit, transfer service credit, etc. A member desiring to learn more about this should contact the NJDPB in writing.

“NON-JUDICIAL” SERVICE CREDIT

A member's service credit will be counted separately for “judicial” time and “non-judicial” time.

Non-judicial credit will be given for any service that the member was able to transfer from another State-administered retirement system into the JRS at the time of enrollment. Members will receive non-judicial credit for any eligible service they were allowed to purchase in the JRS (other than prior judicial service).

ENROLLMENT ISSUES FOR THOSE RECEIVING RETIREMENT ALLOWANCES

Working for private industry or the federal government will not affect JRS retirement benefits. For those individuals who return to public employment after retirement, there are several areas of concern:

- No member receiving a JRS pension or retirement allowance may engage in the practice of law before **any** of the courts of this State.
- Any retired justice of the Supreme Court or any retired judge of the Superior Court may be recalled by the Supreme Court for temporary service in the Supreme Court or elsewhere within the judicial system. If the member accepts the call to reemployment, the justice or judge will be paid on a “per diem” basis in an amount established by the Supreme Court. In no event shall a retired JRS member receive a salary, which, when combined with a pension or retirement allowance, exceeds the current salary of a justice or judge of the court from which he or she retired. In addition, reimbursement will be made by the State for reasonable expenses

incurred by the justice or judge in connection with his/her assignments. Reimbursements for expenses are not considered salary for pension purposes.

- Returning to work in a position covered by any other State-administered retirement system is allowed. The member's retirement allowance will continue and the member may receive a salary; however, a JRS retiree who is receiving a retirement allowance may not become a member of another NJ State-administered retirement system. If a JRS member has filed for a Deferred Retirement, there are certain rare circumstances where enrollment may be allowed. In such situations, please contact the NJDPB for more information.
- Returning to public employment in New Jersey may affect a member's eligibility to continue coverage under the State Health Benefits Program. The retiree should contact the NJDPB for more information.

Purchase of Service Credit

OVERVIEW

A member's retirement allowance is based in part on the amount of service credit posted to the member's account at the time of retirement. It may be beneficial, therefore, to purchase eligible service credit in order to enhance retirement benefits or to qualify for certain types of retirement.

WHO MAY PURCHASE SERVICE CREDIT?

Only members who have active accounts in the JRS are permitted to purchase service credit. Members may request purchases while on a leave of absence or after termination, as long as their accounts have not expired.

Normally, an account is no longer considered active:

- Two years from the end of a leave of absence;
- Two years from the date of the last contribution; or
- 30 days after a retirement date or board approval date — whichever is later.

Whether or not they are vested, members have two years from the date of the last contribution, or two years from the end of a leave of absence, to make purchase requests. Vested members who are inactive for more than two years are not considered active and are not permitted to request to purchase service credit.

WHAT TYPES OF SERVICE ARE ELIGIBLE FOR PURCHASE?

Former Membership Service (A Shared Cost Purchase)

Members of the JRS are eligible to purchase all or a portion of the service credited under a previous membership (PERS, TPAF, PFRS, SPRS), provided that the previous account has been terminated after two continuous years of inactivity in accordance with statute, or by withdrawal of the member contributions made under such membership.

Previous Service (A Shared Cost Purchase)

Members are eligible to purchase previous service rendered in an office, position, or employment of the State of New Jersey, or of a county, municipality, board of education, or public agency of the State of New Jersey, provided that an annual salary or compensation of at least \$500 was received.

Note: You will receive Judicial service credit for the purchase of eligible Judicial service. You will receive non-Judicial service credit for the purchase of eligible non-Judicial service.

COST AND PROCEDURES FOR PURCHASING SERVICE CREDIT

Determining the Cost of Purchase

The cost of a purchase is based on the member's nearest attained age at the time the NJDPB receives a purchase request, and the highest reported yearly salary posted to their account as a member of the retirement system. The cost of the purchase will rise with an increase in the member's age and/or salary.

A "**shared cost**" purchase is one where the total cost is shared equally between the member and the employers across the State. The member will pay the cost of purchase through payroll deductions ("arrears"), by a lump-sum payment, or a combination of both. The employers will pay their share based upon an actuarial assessment that depends on the future liability the pension fund will face given the increased retirement benefit the purchased service will secure for the member at retirement. The employer share of each purchase cost will be indexed based upon the relative size of each employer's workforce.

Application Process

A quotation of the cost of purchasing additional service credit can be obtained by writing to:

Judicial Retirement System
New Jersey Division of Pensions & Benefits
P.O. Box 295
Trenton, NJ 08625-0295

Correspondence should include the dates of the service being requested, the name and address of the former employer, the name of the retirement system, and the job title held.

The employer may be responsible for completing the *Employment Verification Form*.

Issuance of Quote Letter and Purchase Authorization

If the NJDPB determines that service credit is eligible for purchase, a letter quoting the cost to purchase service and an authorization form will be mailed to the member. In order to authorize the purchase, the member must return a completed authorization form to the NJDPB.

Purchase authorizations must be made **before the date specified on the cost quotation letter**. If a member is not interested in purchasing service credit, no response is required.

PAYMENT OPTIONS

An actively contributing member who elects to authorize a purchase of service credit has the following options to pay for the purchase:

1. In one lump-sum payment;
2. By having extra payroll deductions withheld from regular pay. The minimum deduction is equal to one-half of the full rate of contribution to the pension system over a maximum period of 10 years, and includes interest at the assumed rate of return of the retirement system (except for members who enter active military service following enrollment);
3. By paying a single down payment of any amount, and having the remainder paid through payroll deductions; or
4. With a direct rollover or trustee-to-trustee transfer of tax-deferred funds from a qualified retirement plan.

Inactive members, or members who indicate on their application that they intend to terminate membership or retire within six months of the request date, may only pay for purchases by making a lump-sum payment.

Direct Rollover or Trustee-to-Trustee Transfer of Funds for the Purchase of Additional Service Credit

In some cases, JRS members may pay for the purchase of additional service credit through a direct rollover of funds from a qualified retirement savings plan (or through a trustee-to-trustee transfer). The types of plans eligible for direct rollover (or trustee-to-trustee transfer) include:

- 401(a) qualified plan, including a 401(k) plan, and a 403(a) qualified annuity
- 403(b) — tax-sheltered annuity plan

- 457(b) — State and local government deferred compensation plan
- IRA — with tax-deferred funds
 - Traditional IRA
 - SIMPLE IRA (must be over 2 years old)
 - Simplified Employee Pension (SEP) Plan
 - Conduit IRA
 - Rollover IRA

The NJDPB cannot accept rollovers from a Roth IRA or a Coverdell Education Savings Account (formerly known as an Education IRA).

Members who are unsure about whether their plan is eligible for this type of rollover should consult with the administrator of their financial institution or disbursing plan.

Members must first receive a *Purchase Cost Quotation Letter* from the NJDPB before submitting a *Direct Rollover/Trustee-to-Trustee Transfer of Funds for the Purchase of Additional Service Credit* form.

Paying off a Purchase Balance: Written Requests for the Cash Discount Value of an Arrears Obligation

A member choosing to pay for all or a part of a service credit purchase through payroll deductions may elect to pay off the balance, with interest, at any time after deductions have been scheduled. To make a lump-sum payment, the member must send a written request for an “arrears payoff quotation” letter for the cash discount value of the remaining balance owed.

This request should be made to the Adjustments Section, New Jersey Division of Pensions & Benefits, P.O. Box 295, Trenton, NJ, 08625-0295.

According to N.J.A.C. 17:1-4 (b), members may make

only one request for the cash discount value of an outstanding arrears balance, i.e. the balance on a service credit purchase, in a calendar year.

Cancellation And Prorating Of Purchases

The administrative code governing the purchase of service credit allows for the cancellation and/or prorating of service that has previously been authorized using periodic payments through payroll deductions. Written requests should be made to the Adjustments Section, New Jersey Division of Pensions & Benefits, P.O. Box 295, Trenton, NJ, 08625-0295.

Cancellations will be processed under the following conditions:

- The cancellation and prorating will be projected for the next available payroll certification date. This will be approximately three biweekly pay periods.
- The member can choose to cancel one or all purchases and can specify which purchase types they wish to have canceled.

Prorating will be performed under the following conditions:

- The member **must** make the request in writing, by fax, or by email (written or faxed requests must include the signature of the member; email requests **must** come from an email address that bears the member's name).
- Requests for service to be prorated for a specific future date will be accepted only from members who have a retirement application on file.
- Requests for service to be prorated for a specific projected amount of service — in order to qualify for benefits — will be accepted only from members anticipating retirement or termination of employment within the next six months.

Projected Estimates Of Service

Upon request, the NJDPB will estimate the amount of service credit a member will have after the purchase is prorated. This will be done **only** under the following conditions:

- The NJDPB receives a written, faxed, or email request from the member.
- Only one request will be honored from a member per fiscal quarter.
- Only one future date for a prorating or cancellation will be calculated per request.

ADDITIONAL PURCHASE GUIDELINES

The following items are based on the New Jersey Administrative Code:

- Outstanding arrears balances will accrue interest. A letter will be forwarded to those members who have left their position for two years or more and still have an outstanding arrears balance. These members will have the opportunity to purchase the remaining amount in a lump sum; however, interest will be added to the arrears balance for the cost of the purchase if the member returns to employment.
- Members paying arrears balances who have filed for bankruptcy cannot suspend their payments; however, they will be able to cancel the purchase. The member may also complete a request to purchase the same service credit again at a later date. A new cost quotation will be subject to the age, salary, and purchasing rules that apply at the later date.

Important Note: The payments a member makes toward the purchase of service credit are considered “voluntary” pension contributions according to the Internal Revenue Code 414(h). Therefore, payments made towards a purchase cannot be considered tax-deferred. For additional questions, please refer to a tax advisor.

EMPLOYER RESPONSIBILITIES

1. After members submit the *Application to Purchase Service Credit*, the Purchase Section of the NJDPB will send the *Employment Verification Form* to the employer, along with a letter indicating the dates that are being requested. The employer is responsible for completing the verification form when required by the Purchase Section. The form should be completed according to instructions in order to avoid a delay in processing.
2. The information certified must be supported by official documentation. In the event that there is a question regarding the information provided, the Purchase Section may request a copy of the documentation used to verify the member's service.
3. Once a member has authorized a purchase, and if payroll deductions are elected, a *Certification of Payroll Deductions* will be sent to the employer. The payments will be scheduled as “arrears” and the schedule should be followed as certified. If there is already an existing arrears schedule, it will be automatically combined with the new purchase payment schedule.
4. Deductions for a purchase should only be taken upon receipt of a *Certification of Payroll Deductions* from the NJDPB. The schedule must be followed exactly. The only time the employer should deviate from the schedule is if the member is on an unpaid leave of absence.
5. If the member returns from a leave of absence of less than two years, the arrears schedule should be picked up automatically. If the leave of absence is longer than two years, the NJDPB should be notified so that an updated *Certification of Payroll Deductions* can be forwarded to the employer.

Loans

MEMBER ELIGIBILITY

To be eligible, the member must:

- Be an active, contributing member of the retirement fund.
- Have three years of contributing membership **post-*ed*** to their account (this usually occurs three years and three months after date of enrollment).

Members are permitted to take out a maximum of two loans in a calendar year. The loan interest rate and administrative processing fee are set annually.

Please Note: Members who are off payroll may not borrow from their account.

Applying for a Loan

Members may apply for a loan by submitting a *JRS Loan Application* to the NJDPB. To obtain an application, see the Human Resources Office at the Administrative Office of the Courts, or obtain one from the NJDPB website: www.nj.gov/treasury/pensions

Note: If you are applying for a loan within six months of returning from a leave of absence or within six months of transferring to a new employer or between different retirement systems, your employer must complete the certification at the bottom of the *JRS Loan Application* to verify your salary and/or certify that you are actively employed.

Amount of Loan Requested

Loans are made in multiples of \$10 and may not exceed one-half of the total contributions posted to a member's account. When a member has an outstanding loan balance at the time a new loan is requested, the total loan balance (old plus new loans) may not exceed one-half of total contributions or \$50,000, whichever is less when added to the highest balance of any loan in the last 12 months.

The minimum loan amount is \$50. The maximum loan available will be displayed automatically.

Loan Repayment Requested

The minimum repayment is scheduled in equal payments, which will be equal to, or slightly greater than, the biweekly base salary multiplied by the full rate of contribution.

By law, the member cannot pay less than the minimum amount, nor may the payment amount exceed 25 percent of base salary.

LOAN COMPLIANCE FOR IRS REQUIREMENTS: MAXIMUM BALANCE ALLOWED AND MAXIMUM REPAYMENT PERIOD

IRC Section 72(p) requires that loan balances not exceed \$50,000 and that they be paid within five years. Further, members must make timely payments toward outstanding loan balances, regardless of employment status (i.e., "active" or "inactive"). The policies are as follows:

- If a member applies for a loan and that loan added to any existing loan balance totals \$50,000 or more, a loan check will be sent for the difference under the \$50,000 limit. The NJDPB will notify the member that the requested loan amount would have caused the loan balance to exceed the \$50,000 limit. If the member is not satisfied with the payment schedule or the check amount, the uncashed and unmarked loan check can be returned.
- Loan checks will have a maximum repayment schedule of five years. Upon taking a new loan, those members with large existing loan balances will either have an increase in the repayment schedule or may be eligible to take a smaller loan amount due to the requested payment exceeding 25 percent of the base salary per month. If the

member is not satisfied with the payment schedule or the check amount, the uncashed and unmarked loan check can be returned.

- The maximum loan balance cannot exceed \$50,000 or one-half of the member's posted pension contributions, whichever is less. The \$50,000 maximum includes the amount requested combined with the highest balance due (without interest) for all existing loans that the member has due to his/her public employment, including any other governmental plans sponsored or administered by a public sector employer during the prior 12-month period. It is important to maintain documentation of pension loans taken from other plans offered by his/her employer in the event of an audit. Any amounts received in excess of the maximum may be declared a deemed distribution and subject to additional tax by the IRS.

The IRS regulations also stipulate that if regular payments are not made on a pension loan, then the loan is to be considered in default and determined to be a taxable distribution to the member.

Members will be notified after three months of nonpayment (zero contributions) toward the balance of their outstanding loan, and offered the following options:

- Pay the loan off through a lump-sum payment;*
- Repay the loan in monthly installments through personal billing;*
- Take a taxable distribution (see below); or
- If returning to employment, repay through employer payroll deductions.*

***The member must reply with a repayment selection within 30 days of receiving notification. Failure to respond within the 30-day period will result in the unpaid loan balance being declared a taxable distribution.**

When a loan balance has been determined to be a taxable distribution, it is reported to the IRS. The NJDPB will send the member a Form 1099-R for tax filing purposes in January of the following year. The member will be required to include the portion of the loan representing before-tax contributions as income on his or her federal return. In addition, if the member is under age 59 ½ he or she will be required to pay an additional 10 percent tax for taking an early pension distribution.

A taxable distribution cannot be canceled by resuming loan payments or repaying the loan in full prior to the end of the tax year in which the deemed distribution occurs. Please note that unlike a normal pension distribution, a loan treated as a distribution cannot be rolled over to an IRA or another qualified retirement plan.

Please be advised that the outstanding loan balance being deemed a taxable distribution **does not cancel the loan obligation; the loan balance, plus interest, is still due.** If payments are not resumed, the balance will be recuperated at the time of withdrawal, retirement, or death of the member.

IRS LOAN COMPLIANCE REGULATIONS: MULTIPLE LOANS

Under IRS regulations, a member taking multiple loans must repay the combined total of the outstanding balance of the original loan, plus all subsequent loans taken prior to payoff of the original loan, within five years of the issuance date of the first loan.

This loan policy does not come into play in the case of a member who takes a single loan and pays it off before taking another pension loan, but rather when a member takes additional loans while a balance on the original loan remains. In such instances, the loan repayment schedule will be set up so that the total loan balance is paid off *within five years of the issuance date of the original loan*, to prevent the unpaid balance from being declared a taxable distribution.

Therefore, in cases where a member takes multiple loans, it is the date of issuance of the first loan that will establish the maximum five-year payoff period for the combined outstanding balance of the original loan and all subsequent loans taken prior to payoff of the original loan.

Under the above regulations, if a member is issued a new pension loan before the first loan is paid in full, a substantial increase in the member's repayment amount may result, in order to ensure full repayment of the total loan balance within five years of the issuance of the original loan.

Or, the new loan amount requested may be reduced, so that the payroll deductions required to repay the loan within this five-year period do not exceed the 25 percent of pay restriction in State law.

Payroll Certifications

Once a loan has been processed, two copies of the certification are sent to the employer. One copy should be forwarded to the member for his/her records, while the other is retained for the employer's file. The certification of payroll deductions contains all the pertinent information regarding the number of deductions and the amount of each deduction to be withheld from the employee's payroll check.

Employers are required to follow the instructions on the certification and begin payroll deductions as instructed on the form. Failure to comply with payroll certifications will result in additional interest charged to the member's account.

Leave of Absence — Revaluation of a Loan Schedule

If a member is off payroll and misses a scheduled loan deduction(s), any outstanding loan must be revalued and additional interest charged. To protect a member

who has been on a leave of absence from having a loan balance become a taxable distribution, employers should contact the NJDPB at (609) 292-0909 as soon as the member returns from a leave of absence to have the loan recertified.

Calculation of an Additional Loan

When a member applies for a loan and already has an existing loan balance, the present value (principle amount) of the existing loan is calculated and added to the new loan. The resulting increased obligation is scheduled in the same manner and subject to the same conditions as the original loan.

Payment of a Loan Prior to Completion

An active member may make a lump-sum payment against the total value of the loan at any time. We advise that the member request the lump-sum payoff figure by calling (609) 292-0909. The request will generate a quote which will be mailed to the member along with the date the payment is due. Payments will not be accepted unless a payoff figure has been quoted.

The member should remit a copy of the payoff quote letter along with the payment to ensure the proper credit is made to the account.

Upon Withdrawal

If a member terminates employment and chooses to withdraw all contributions from the pension fund, any outstanding loan balance must be satisfied. Usually, the NJDPB will deduct any outstanding loan balance from the amount owed the member through the return of contributions. The member may choose to pay any outstanding loan in full with a lump-sum payment in order to receive the full amount of the contribution balance on account.

Upon Retirement

If a member retires with an outstanding loan balance, the member has the option to pay off the outstanding loan balance in its entirety or to repay the loan through deductions from his/her retirement benefit until the balance of the loan together with interest is repaid. Payments will be the monthly equivalent of the amount deducted from the compensation immediately before retirement.

Upon Death

If a member dies before the outstanding loan balance plus interest has been recovered, the remaining balance will be deducted from any benefit payable to the designated beneficiary(ies), including life insurance, return of contributions, and monthly retirement payments.

Please Note: Additional information regarding pension loans is available in the *Loans* Fact Sheet.

Retirements

OVERVIEW

Retirement from the JRS is mandatory at age 70. An *Application for Retirement Allowance* must be completed for all retirements.

“Judicial Service” is defined as the member’s years of service as a judge under the Judicial Retirement System.

“Final Salary” is defined as the salary on which the member’s JRS pension contributions are based as of the date of retirement.

“In the Aggregate of Public Service” is defined as the member’s total years of both judicial and non-judicial service credit in the JRS. This would include service transferred into JRS from another New Jersey State-administered retirement system.

There are many types of Service Retirements available to members of the JRS:

SERVICE RETIREMENTS	
Eligibility	Benefit Calculation
Age 60-64 with 20 or more years of judicial service; or Age 65-69 with 15 or more years of judicial service; or Age 70 with 10 or more years of judicial service	75% of member’s final salary
Age 65 or older with 15 or more years in the aggregate of public service of which five or more consecutive years were judicial service	50% of member’s final salary
Age 60 or older with 20 or more years in the aggregate of public service of which five or more consecutive years were judicial service	50% of member’s final salary
Age 60–64 with 15 years or more in the aggregate of public service of which five or more consecutive years were judicial service	2% of final salary for each year of service up to 25 years, plus 1% of final salary for each year of service over 25 years
Age 60 or older but does not meet the minimum amounts of service credit listed above	2% of final salary for each year of judicial service up to 25 years, plus 1% for each year of service over 25 years

EARLY RETIREMENT	
Eligibility	Benefit Calculation
Under age 60 with five or more consecutive years of judicial service, with an aggregate of 25 or more years of public service	2% final salary for each year of service up to 25 years, plus 1% of final salary for each year of service over 25 years, with an actuarial reduction according to age below 60. Members should write to the NJDPB for a retirement estimate to determine reduction

DEFERRED RETIREMENT	
Eligibility	Benefit Calculation
Under age 60 with five or more consecutive years of judicial service, with an aggregate of 10 or more years of public service	<ul style="list-style-type: none"> • 2% final salary for each year of service up to 25 years, plus 1% of final salary for each year of service over 25 years • Payable at age 60 • If member dies prior to age 60, beneficiary only entitled to return of member’s contributions plus interest

DISABILITY RETIREMENT

If the member suffers from a physical or other incapacity to serve as judge, he or she may apply for a Disability Retirement. To obtain an *Application for Disability Retirement*, contact the JRS Administrator at (609) 292-0909. Approval requires a letter addressed to the Chief Justice of the Supreme Court describing the disability, three physicians appointed by the Governor assigned to prove disability, and Governor approval of the findings of the physicians' report.

A *Disability Retirement Application* must be on file with the JRS at least 30 days prior to any effective date of a Disability Retirement. However, the retirement date cannot be earlier than the date of approval by the Governor.

Benefit is calculated at 75% of Final Salary.

Note: Once approval of the Disability Retirement has been granted, the member can only cancel the Disability Retirement by submitting a letter to the State House Commission, with a statement from his/her physician stating that he/she can return to work. The member will then be sent for an Independent Medical Examination (IME), and all medical information will be again submitted to the Medical Review Board. At that time, a determination will be made regarding whether or not the member is able to return to work.

PENSION OPTIONS

At the time of retirement, members of the JRS may name a beneficiary to receive pension benefits on the *Application for Retirement Allowance*.

Note: Once the pension is "due and payable," the option cannot be changed. The pension becomes "due and payable" 30 days after the retirement date, or 30 days after the Board of Trustees approves the retirement, whichever occurs later.

There are nine retirement allowance options available:

Maximum Option

The Maximum Option pays the highest monthly pension allowance of all of the options available, for the lifetime of the member.

- There is no monthly pension allowance paid to a beneficiary when the member dies.
- The member names a beneficiary on the *Application for Retirement Allowance*. If the member dies before receiving the balance of his or her contributions to the pension system in the form of the monthly pension allowance, the balance of contributions is paid to the named beneficiary, along with the last check.
- One or more beneficiaries can be named, and the beneficiary may be a person, a charity, an institution, or the member's estate.
- Proof of age is required for the member only.
- The beneficiary can be changed at any time before and after retirement.

Options A, B, C, and D

Under Options A, B, C, and D, the member receives a smaller lifetime monthly benefit than that provided under the Maximum Option so that, upon the member's death, a beneficiary will receive a lifetime benefit. Only one person can be named beneficiary. If the member dies after retiring, the named beneficiary receives 100 percent (Option A), 75 percent (Option B), 50 percent (Option C), or 25 percent (Option D) of the member's monthly pension allowance for life.

If the beneficiary predeceases the member, the member's pension increases to the amount payable under the Maximum Option, which the member receives for the remainder of his or her lifetime.

- Only one beneficiary can be named, and the beneficiary must be an individual, not a charity, an institution, or an estate.
- Proof of age for both the member and the beneficiary must be submitted.
- If the member names someone other than a spouse as a beneficiary for Options A or B, the chosen beneficiary cannot be more than 10 years younger (Option A) or 19 years younger (Option B) than the member, as determined by IRS regulations.*
- The age of the beneficiary affects the benefit payable. The younger the beneficiary is, the greater the reduction in pension benefit is payable to the member, whether or not the beneficiary is a spouse.
- Once the pension is "due and payable," the named beneficiary cannot be changed. The pension becomes "due and payable" 30 days after the retirement date, or 30 days after the Board of Trustees approves the retirement, whichever occurs later.
- If the beneficiary predeceases the member, the member cannot designate another beneficiary to receive a monthly pension upon his or her death. However, a new beneficiary may be named for any return of contributions payable and last check benefit.

Option 1

This option provides a lifetime monthly allowance to the member, with a reserve amount calculated at retirement based on the member's retirement allowance and life expectancy. If the member dies before receiving the entire retirement reserve, the amount of money remaining in the retirement reserve is paid to the beneficiary(ies).

For example:

\$100,000 Reserve Fund at retirement — \$ 60,000 total monthly benefits paid to retired member = \$ 40,000 paid to beneficiary after member's death

or

\$100,000 Reserve Fund at retirement — \$124,000 total monthly benefits paid to retired member = \$0 paid to beneficiary after member's death, since the entire Reserve Fund was paid out to the member.

- One or more beneficiaries may be named, and the beneficiary may be a person, a charity, an institution, or the member's estate.
- Proof of age is required for the member only.
- The beneficiary can be changed at any time before and after retirement.
- The member will continue to receive the same lifetime benefit, even if he or she outlives the reserve.

Options 2 and 3

Under Options 2 and 3, the member receives a smaller lifetime monthly benefit than that provided under the Maximum Option so that, upon the member's death, a beneficiary will receive a lifetime benefit. If the member dies after retiring, the named beneficiary receives 100 percent (Option 2) or 50 percent (Option 3) of the member's monthly pension allowance for life. If the beneficiary dies first, the member will continue to receive the reduced retirement allowance for the remainder of his or her lifetime.

- Only one beneficiary may be named, and the beneficiary must be an individual, not a charity, an institution, or an estate.
- Proof of age for both the member and the beneficiary must be submitted.
- If the member names someone other than a spouse

as a beneficiary for Option 2, the chosen beneficiary cannot be more than 10 years younger than the member, as determined by IRS regulations.*

- Once the pension is "due and payable," the named beneficiary cannot be changed. The pension becomes "due and payable" 30 days after the retirement date, or 30 days after the Board of Trustees approves the retirement, whichever occurs later.
- Unlike Options A, B, C, and D, if the named beneficiary dies before the member, the member continues to receive the same reduced pension allowance; the allowance does not increase to the maximum benefit.

Option 4

Under Option 4, the member receives a smaller lifetime monthly benefit than that provided under the Maximum Option so that, upon the member's death, a beneficiary will receive a lifetime benefit. If the member should pass away after retiring, the named beneficiary receives a pre-determined monthly allowance, which is less than the member's monthly pension allowance. If the beneficiary dies first, the member will continue to receive the reduced retirement allowance for the remainder of his or her lifetime.

- One or more beneficiaries can be named, but the beneficiaries must be individuals, not a charity, an institution, or the member's estate.
- The member specifies a specific dollar amount to be paid monthly to the beneficiary(ies) upon the member's death. The amount must not be greater than the member's own allowance.
- Proof of age for both the member and the beneficiary(ies) must be submitted.
- If the member names someone other than a spouse as a beneficiary, and if the dollar amount specified

for that beneficiary is more than half of the member's monthly allowance, age restrictions apply as determined by IRS regulations.*

- Once the pension is "due and payable," the named beneficiary cannot be changed. The pension becomes "due and payable" 30 days after the retirement date, or 30 days after the Board of Trustees approves the retirement, whichever occurs later.
- If the named beneficiary(ies) dies before the member, the member continues to receive the same reduced pension allowance, not an increased amount as under Options A, B, C or D.

**Since the IRS is a federal agency, a civil union partner or domestic partner as defined under New Jersey State law does not qualify as a spouse under these circumstances and would be subject to the age limitations described.*

Group Life Insurance Coverage

OPTIONAL CONTRIBUTORY GROUP LIFE INSURANCE

All active judges of the JRS who work full-time on a regular basis are eligible to participate in one of two types of contributory group life insurance:

- Group Term Life Insurance; or
- Group Variable Universal Life (GVUL) Insurance.

Both the Group Term Life Insurance and the GVUL Insurance offer coverage at levels of 1.5, 2, 3, 4, or 5 times the member's final salary. Upon enrollment in one of these contributory group life insurance plans, the member may also enroll his or her spouse and/or dependent children in a \$5,000 group term insurance policy. (Spouses who are also enrolled in the JRS may not be covered as both a judge and a spouse.

Contributory group life insurance premiums are paid through regular payroll deductions. Rates are adjusted each year on the first day of the pay period that includes May 1 – the anniversary date of the plan. Contributory life insurance amount is based on judicial salary at enrollment and is adjusted for any pay increases thereafter, on the first day of the pay period that includes May 1.

In addition to the life insurance benefits provided by this coverage, the GVUL insurance plan offers additional benefits including investment options that allow the member to direct funds to any of 16 variable annuity plans (similar to mutual funds), and loans against the member's GVUL insurance. Members should contact Prudential for further details.

Enrollment in Contributory Group Life Insurance

The JRS requires that newly enrolled members must be covered by one of the two contributory group life insurance plans for at least the first 12 months of membership. Either plan is optional for JRS members after

completing the first 12 months of service. JRS members who are not currently covered by contributory group life insurance may elect to enroll at any time, but must provide evidence of good health (see below).

Evidence of Good Health

Newly enrolled JRS members do not need to provide evidence of good health for coverage at 1.5 times salary, but it is required from any JRS member for enrollment at higher coverage levels, or for those enrolling or increasing coverage at a later date.

Contributory Group Life Insurance Coverage at Retirement or Termination of Employment

Group Term Life Insurance coverage ends when the member retires or terminates covered employment. The member can continue contributory group life insurance coverage after termination by purchasing a converted life insurance policy from Prudential, without a medical examination, at the member's own expense. See "Conversion of Group Life Insurance," on page 21.

GVUL insurance is "portable coverage." This means that coverage can be continued after retirement or if the member leaves covered service as a judge. The member will be billed monthly by Prudential for the full premium plus a \$3 monthly service fee.

For more information about the Contributory Group Life Insurance Plans, contact the Prudential Insurance Company of America, Group Life Services, P.O. Box 948, Horsham, PA 19044, or call 1-800-524-0542.

NONCONTRIBUTORY GROUP LIFE INSURANCE

Noncontributory Group Life Insurance is underwritten by the Prudential Insurance Company of America, Inc., and is provided as a result of pension membership. There is no cost to the member for this coverage. The State Treasurer is the official policyholder for all the Noncon-

tributory Group Life Insurance, which is issued as **Policy Number G-14800**. The benefit paid upon the death of an active employee is 1.5 X Final Salary. Final Salary is defined as the total base salary upon which pension contributions were based during the last 12 months preceding the death of the member.

ENROLLING IN GROUP LIFE INSURANCE

Enrollment in group life insurance is accomplished through completion of the pension enrollment application, and coverage is effective beginning on the date of pension membership.

NAMING A BENEFICIARY FOR GROUP LIFE INSURANCE

The online pension enrollment application defaults to the member's estate for both Noncontributory Group Life insurance benefits and the return of pension contributions. The member must complete a *Beneficiary Designation* form to update beneficiary information. By doing so, the member may name any person, organization, estate or trust as beneficiary. This designation may be changed at any time during membership by completing the *Beneficiary Designation* form. At retirement, the member will be asked to nominate beneficiaries on the *Application for Retirement Allowance*.

Note: Members enrolled in one of the contributory plans must change beneficiary designation with that plan separately. Contact Prudential at 1-800-524-0542.

Confirmation of Enrollment in Group Life Insurance

After the member's enrollment in the pension system has been accomplished, life insurance information is passed to Prudential Insurance Company, the administrator of the NJDPB's group life insurance policies. The NJDPB will send the member a certificate of insurance, or insurance rider, that gives the group policy number(s)

of the coverage, the member's name, location number, membership number, effective date of insurance, and beneficiaries of record. This certificate is an important document and should be safeguarded by the member.

Changing a Group Life Insurance Beneficiary Designation

A member may change group life insurance beneficiaries at any time. For the protection of members and beneficiaries, the NJDPB will only accept a designation change by completing the *Beneficiary Designation* form. The NJDPB will not accept a change over the telephone or through a letter. To change a beneficiary for a contributory group life insurance plan, contact Prudential at 1-800-524-0542.

For members who are retired or who have submitted an *Application for Retirement Allowance*, the beneficiaries designated on a retirement application supersede all prior designations once the application is on file at the NJDPB, even if the member later decides to cancel the retirement. Retired members wishing to update their beneficiaries after retirement may submit a *Beneficiary Designation* form.

GROUP LIFE INSURANCE WHILE ON A LEAVE OF ABSENCE

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

- Up to two years for an official leave of absence without pay for personal illness
- Up to 93 days for an official leave of absence without pay for personal reasons (including family leave, leave for childcare)

GROUP LIFE INSURANCE AND WORKERS' COMPENSATION WITHOUT PAY

If a member becomes disabled due to an illness or injury that is a direct result of regular job duties, the member should immediately apply for an official leave of absence due to illness. The noncontributory insurance will automatically continue for the duration of the leave of absence for up to two years.

GROUP LIFE INSURANCE UPON TERMINATION OF EMPLOYMENT

If a member terminates employment before retirement, the noncontributory insurance will continue to be in effect for 31 days following the date of termination of employment. During that period, the member may convert the group life insurance to an individual policy with The Prudential Insurance Company of America, Inc., not to exceed the dollar amount of coverage in effect as an active member.

FILING FOR DISABILITY RETIREMENT AND GROUP LIFE INSURANCE

When a member files for a Disability Retirement, the noncontributory life insurance coverage will continue to be in effect while the disability retirement benefits are being processed, provided that the member applied for retirement within 30 days of ending judicial service.

TAXABILITY OF GROUP LIFE INSURANCE OVER \$50,000

The IRS classifies the cost of all employer-paid group life insurance coverage over \$50,000 as a fringe benefit subject to federal income, Social Security, and Medicare taxes. The amount of life insurance coverage is not taxable, but the premium required to pay for the life insurance coverage is taxable. The calculations are different depending on whether the member has both contributory and noncontributory life insurance, or noncontributory insurance only.

N.J.S.A. 43:4C-1 permits members of the State-administered retirement systems to waive their Noncontributory Group Life Insurance over \$50,000 to avoid a possible federal and State tax liability on that benefit.

IRS Premium Rates*		
Age Bracket	Cost of \$1,000 of Protection	
	Per Month	Per Year
Under 25	\$0.05	\$0.60
25 to 29	\$0.06	\$0.72
30 to 34	\$0.08	\$0.96
35 to 39	\$0.09	\$1.08
40 to 44	\$0.10	\$1.20
45 to 49	\$0.15	\$1.80
50 to 54	\$0.23	\$2.76
55 to 59	\$0.43	\$5.16
60 to 64	\$0.66	\$7.92
65 to 69	\$1.27	\$15.24
70 and above	\$2.06	\$24.72

**These rates are subject to change by the IRS. Contact the IRS to confirm current rates.*

To determine the taxable amount take the amount of the noncontributory life insurance coverage and subtract \$50,000 from it. The premium rates are then applied to the remaining life insurance amount. The premium costs for the life insurance are determined by the IRS based on age and salary. The premium cost of the remaining life insurance amount is the taxable amount and is added to the member's *W-2* for that year.

Example:

A JRS member is age 52 and has noncontributory life insurance coverage of 1.5 times salary.

The member's annual base salary is \$100,000. The member's life insurance coverage totals \$150,000 (1.5 X \$100,000).

The fringe benefit amount is determined by subtracting \$50,000 from the total benefit amount, (\$150,000), which equals \$100,000.

According to the IRS, the premium cost for an individual 52 years of age is \$2.76 per \$1,000 of coverage. The premium cost in this example is \$276.00 (100 X \$2.76) and would be added to the member's taxable income.

WAIVING NONCONTRIBUTORY GROUP LIFE INSURANCE OVER \$50,000

N.J.S.A. 43:4C-1 permits members of the State-administered retirement systems to waive their noncontributory life insurance over \$50,000 to avoid a possible federal and State tax liability on that benefit. Any member who waives the noncontributory insurance must waive the total amount of noncontributory insurance coverage in excess of \$50,000. Waivers of partial amounts are not permitted.

To avoid taxation, a member may waive noncontributory insurance coverage by completing a *Waiver Of Non-contributory Group Life Insurance in Excess of \$50,000* form and submitting it to the NJDPB. The waiver form must be received by the NJDPB before December 31 to be effective January 1 of the next calendar year. Once a waiver form has become effective, it shall be irrevocable for the entire calendar year.

If a waiver is in effect at the time of termination of employment or retirement, the member will not be permit-

ted to convert any amount of noncontributory insurance coverage over \$50,000.

Before completing the waiver, the member should completely understand the ramifications of waiving noncontributory insurance. For more information, refer them to IRS Publication 525, which is available through the IRS Forms Distribution Center at (800) 829-3676.

The NJDPB will notify the employer on a periodic basis of the waivers processed for their employees. This will be done by sending a computerized report with the names and membership numbers of the members filing waivers.

Canceling the Waiver of Noncontributory Group Life Insurance over \$50,000

Once a waiver form has become effective, it shall be irrevocable for at least an entire calendar year. The waiver will remain in effect until the member submits a reinstatement form, the *Election to Reinstate Noncontributory Life Insurance in Excess of \$50,000* to the NJDPB. The reinstatement will become effective the following January 1.

The NJDPB will notify the employer on a periodic basis of the cancellation of any waivers processed for their employees.

GROUP LIFE INSURANCE UPON RETIREMENT

Life insurance is payable only if the member retires with 10 or more years of pension membership credit or retires on a disability retirement.

- Service and Early Retirees: if the member dies after retirement, the named beneficiary (or estate where there is no named beneficiary) will receive an amount equal to .25 X Final Salary
- Deferred Retirees: noncontributory life insurance

coverage is not in effect between the time you terminate judicial service and your Deferred Retirement date. If the member dies between termination of service and retirement date, the last named beneficiary will receive only the return of the member's pension contributions, with interest. There is no other death benefit under these circumstances. If the member dies after the retirement date, an amount of .25 X Final Salary is payable.

- If the member dies while on a Disability Retirement before reaching age 60, the beneficiary will receive an amount equal to 1.5 X Final Salary. If the member dies at age 60 or older, the beneficiary is entitled to receive an amount equal to .25 X Final Salary.

Paid-up Group Life Insurance for Disability Retirements

If a member retires on a Disability Retirement, the non-contributory insurance benefit remains at a higher level until the member reaches normal retirement age, age 60 for JRS members. At normal retirement age the benefit amount is reduced to the normal retiree level. The member may elect then to convert the insurance that has been lost to a private, non-group policy through Prudential Life Insurance Company.

CONVERSION OF GROUP LIFE INSURANCE

If a member is forced to terminate coverage under group life insurance, the member is entitled to convert the same amount of insurance coverage lost to an individual, non-group policy issued by **The Prudential Insurance Company of America, Inc.**

This conversion is guaranteed. The member cannot be refused coverage for health or other reasons, and no physical examination need be taken. The member may select any type of policy customarily offered by Prudential except term life insurance or a policy containing

disability benefits. The individual policy will be effective at the end of the 31-day period following cessation of employment or termination of insurance. The premiums will be higher than the member would pay if otherwise able to qualify medically for an individual policy with any insurance carrier.

A member may convert any dollar amount of group life insurance **up to the maximum amount he or she is permitted to convert.**

Death Claims

REPORTING A DEATH

In the event of a member's death while in service, the importance of contacting the NJDPB immediately to report the member's death cannot be stressed enough. A family member, survivor of the deceased, or employer should provide the required information at the time of notification, including: the member's name, current address, Social Security number or retirement number, date of death, and the prospective beneficiary's name, address, and telephone number (or the name, address and telephone number of the person handling the deceased member's affairs. Contacting the NJDPB by telephone, by calling (609) 292-7524 and selecting the option to "Report a Death," or by email, are both acceptable means of reporting a member's death to the Division of Pensions and Benefits. However, the claim cannot be processed until a certified death certificate is received. Upon receipt, the claim will be opened and the last designated beneficiary on file will be notified. The *Death of a Member* Fact Sheet offers further information about reporting a death.

DEATH IN SERVICE — ACTIVE MEMBERS

When an active member dies, his or her named beneficiaries are entitled to the payment of a statutory benefit paid monthly to a surviving spouse, civil union partner, eligible same-sex domestic partner and/or dependent children (or dependent parents, if none of the above).

Eligible beneficiaries are also entitled to the active group life insurance benefit. the active group life insurance benefit.

Upon the death of an active member, the member's eligible surviving spouse¹, civil union partner², or same-sex domestic partner³ receives a statutory pension benefit equal to 25 percent of the member's Final Salary, **plus** 10 percent of Final Salary to one dependent child; or 15 percent of Final Salary divided evenly between two or more dependent children.

If there is no surviving spouse, civil union partner, or same-sex domestic partner, or the member's spouse or partner dies or remarries or enters into a new civil union the following benefit is payable to the member's eligible children: 15 percent of Final Salary to one dependent child; or 20 percent of Final Salary divided evenly between two dependent children; or 30 percent of Final Salary to be divided evenly among three or more dependent children.

If there is no surviving spouse, or partner or dependent child(ren), a pension is paid to the member's eligible parent(s) as follows: 20 percent of Final Salary to one dependent parent, or 30 percent of Final Salary divided evenly between two dependent parents.

If there is no surviving spouse, partner, eligible same-sex domestic partner, child(ren), or parent(s), the member's contributions are paid to his or her named bene-

fiary. In the event a specific beneficiary is not named, the funds will be paid to the member's estate.

The **Group Life Insurance Benefit** amount depends on whether the member was covered by Noncontributory Group Life Insurance, Contributory Group Life Insurance*, or both. See the Group Life Insurance section of this handbook for more information

EMPLOYER RESPONSIBILITIES

Completion of the *Certification of Service and Final Salary — Death Claim* (sometimes referred to as a "P-29"), which is also an acceptable form of notification of a death.

You must provide the most recent salary and pension contribution information for the period prior to the date of death of the member. This is required in order to avoid the delay of waiting for the Quarterly Report of Contributions before processing the claim.

Also indicated on this form is the employment status of the member at the time of death. This includes the last day of active service, if the member resigned or was on leave of absence without pay, etc.

The completed certification should be returned to the NJDPB within three days of receipt (faxes are acceptable to initiate a claim, but the original must be forwarded to the NJDPB immediately).

¹ A surviving spouse is a person to whom the member was married for at least four years prior to the date of his/her death and who has not remarried or entered into a new civil union. A photocopy of the Marriage Certificate is required for verification.

² A surviving civil union partner is a person of the same sex with whom the member had entered into a civil union and who has not entered into a new civil union or remarried. 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.

³ A surviving eligible same-sex domestic partner is a person who has not entered into a new civil union or remarried. An eligible same-sex domestic partner is defined under Chapter 246, P.L. 2003, the Domestic Partnership Act, as the domestic partner 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.

IMPORTANT!

You must complete Section #7: “Was member on an official leave of absence with or without pay?” If you indicate that a member was on an approved leave of absence without pay, you must give the date the leave was granted, the reason for the leave, and supporting documentation.

The following documents should accompany the *Certification of Service and Final Salary — Death Claim* if the deceased member was on leave at the time of death:

- Board minutes/administrative approval of a leave of absence; or
- Any written documentation approving a leave; the document must indicate whether the member was on a leave without pay. This document must also include the start date and end date of the approved leave and the reason for the leave.

Failure to complete this portion will result in a delay in the processing of the death claim.

DEATH AFTER RETIREMENT**Statutory Survivor Benefit**

Upon the death of a retired member, the member's eligible surviving spouse¹, civil union partner², or same-sex domestic partner³ receives a statutory pension benefit equal to 25 percent of the member's Final Salary, plus 10 percent of Final Salary to one dependent child; or 15 percent of Final Salary divided evenly between two or more dependent children.

If there is no surviving spouse/partner, or the member's spouse/partner dies or remarries or enters into a new

civil union, the following benefit is payable to the member's eligible children: 15 percent of Final Salary to one dependent child; or 20 percent of Final Salary divided evenly between two dependent children; or 30 percent of Final Salary to be divided evenly among three or more dependent children.

Withdrawals

OVERVIEW

Any JRS member who terminates covered employment prior to retirement may withdraw the pension contributions in his or her account if certain criteria established by statute are met.

See the *Withdrawal from the Retirement System* Fact Sheet for additional information.

Application for Withdrawal

An eligible member who terminates employment and chooses to withdraw from a pension account must submit the *Application for Withdrawal*, which is accessible on the NJDPB website at www.nj.gov/treasury/pensions

Upon receipt of both the *Application for Withdrawal* and the Employer's Certification for Withdrawal, the NJDPB will refund the contributions of eligible members.

There are no provisions for partial withdrawals.

The NJDPB also offers an Automated Information System at (609) 292-7524 for general withdrawal information, or information pertaining to an individual withdrawal claim.

Employer Responsibilities: General Notes

No withdrawal application can be processed until all the necessary information has been received from the Administrative Office of the Courts.

INACTIVE MEMBERSHIP

Any member who resigns may leave the accumulated contributions with the pension system and continue on an inactive status for a period of up to two years. After the two-year inactive period, the account is considered expired.

Prior to the completion of the two-year inactive period, the NJDPB will send both the member and the employer an *Expiration Notice*. A copy is sent to the former em-

ployer in case the employer has an updated address for the member. The employer is asked to forward the notice since failure to notify the employee may jeopardize the member's eligibility for retirement benefits, if any.

Once an account has expired, the contributions will remain in the expired account until the member completes an *Application for Withdrawal*.

EXTENSION OF INACTIVE MEMBERSHIP PERIOD AND LEAVE OF ABSENCE

An employee's membership will not end two years after his or her last contribution if he or she is granted an official leave of absence. If the member's leave extends beyond two years, the inactive membership can be extended up to 10 years. The member must submit documentation from the judiciary showing that the leave of absence was officially extended, or that the judicial service was not terminated voluntarily or for cause, for this extension to be granted.

If the member returns to judicial service covered by JRS during that extended period of inactive membership, the account will be reactivated and the member will then be eligible for a retirement allowance, provided he or she meets the qualifications for retirement.

Please note that extensions are not automatic.

In the event an account does not become active within the extension, the member will be notified in writing concerning the date that his or her account will expire.

WORKERS' COMPENSATION AND WITHDRAWAL

Under the provisions of the statutes as interpreted by court decisions, pension contributions are made if the employee is awarded Workers' Compensation benefits. An employer is required to make pension contributions on behalf of an employee receiving periodic payments based on temporary or permanent Workers' Compensation awards. (See the *Workers' Compensation* Fact

Sheet.) The voluntary resignation or retirement of an employee receiving any kind of Workers' Compensation frees the employer from pension contributions on behalf of the member.

The question concerning periodic benefits under a claim filed for Workers' Compensation must be answered because it may have pension consequences that affect withdrawal. Lump-sum awards under Workers' Compensation need not be listed because they have no effect on an *Application for Withdrawal*.