


The information provided in this packet is an overview and not intended to provide all information. While every attempt at accuracy has been made, it cannot be guaranteed. The complete terms governing the State-administered retirement systems discussed in this handout are set forth in the New Jersey Statutes Annotated and the New Jersey Administrative Code. If there are differences between the information presented here and the statutes governing the plan or regulations implementing the statutes, the statutes and regulations will take precedence.

What is your pension <i>tier</i> ?				
1	2	3	4	5
Enrolled before July 1, 2007	Enrolled on or after July 1, 2007 and before November 2, 2008	Enrolled on or after November 2, 2008 and on or before May 21, 2010	Enrolled after May 21, 2010 and before June 28, 2011	Enrolled on or after June 28, 2011

How will your pension be *calculated*?




$$\frac{\text{YEARS OF SERVICE}}{55} \times \frac{\text{FINAL AVG. SALARY}}{\text{GROSS ANNUAL PENSION}}$$

*** Tiers 1, 2, 3**

Final Average Salary for Tiers 1, 2, 3:
The last 36 months of salary, OR the 3 highest fiscal years

How will your pension be *calculated*?




$$\frac{\text{YEARS OF SERVICE}}{60} \times \frac{\text{FINAL AVG. SALARY}}{\text{GROSS ANNUAL PENSION}}$$

*** Tiers 4 and 5**

Final Average Salary for Tiers 4 and 5:
The last 60 months of salary, OR the 5 highest fiscal years

Retirement Types




Service

- ✓ Based on age
- ✓ No minimum years of service required
- ✓ You are eligible if you are...
 - **Tier 1 or 2** and at least 60 years old
 - **Tier 3 or 4** and at least 62 years old
 - **Tier 5** and at least 65 years old

Retirement Types

Early

- ✓ Based on years of service
 - **25 years** if Tiers 1, 2, 3, or 4
 - **30 years** if Tier 5
- ✓ No minimum age required
- ✓ Benefit reduction if retiring before attaining a certain age




Retirement Types


Early

Benefit reductions are based on **TIER**

- **Tier 1** – 3% per year under the age of 55
- **Tier 2** – 3% per year under the age of 55 + 1% per year under the age of 60
- **Tier 3 & 4** – 3% per year under the age of 55 + 1% per year under the age of 62
- **Tier 5** – 3% per year under the age of 65




Retirement Types



Deferred

- ✓ At least 10 years of service
- ✓ Terminated employment prior to reaching 25 years of service (30 years for Tier 5)
- ✓ Has not yet reached eligibility age for a Service Retirement
- ✓ Same formula used to calculate retirement; no benefit reduction

Retirement Types



Deferred

Applications should be submitted *prior* to reaching eligibility age

- **Tiers 1 & 2** are eligible to begin receiving benefits at age 60
- **Tiers 3 & 4** are eligible to begin receiving benefits at age 62
- **Tier 5** is eligible to begin receiving benefits at age 65

Retirement Types

Veteran


✓ Qualified veterans may retire with...

- **25 years** of service at age **55+**
- **20 years** of service at age **60+**

54.5% ✕ HIGHEST
12 MOS. SALARY

=

GROSS
ANNUAL
PENSION



Retirement Types

Veteran

- ✓ Qualified veterans who retire with...
 - **35 years** of service at age **55+**


YEARS OF
SERVICE
55

×

HIGHEST
12 MOS.
SALARY

=

GROSS
ANNUAL
PENSION




Disability Retirement

Ordinary

- ✓ 10+ years of NJ Service
- ✓ Must be totally & permanently disabled
- ✓ Unable to carry out job duties
- ✓ 43.6% x FAS; or
1.64% x FAS x Years of Service
(whichever provides the higher benefit)

**TIERS
1, 2, 3
ONLY**




Disability Retirement

Accidental


- ✓ Must be active member at time of accident
- ✓ Must be totally & permanently disabled
- *Direct result of traumatic event while carrying out job duties
- ✓ Unable to carry out job duties
- ✓ Must apply within 5 years of the event
- ✓ 72.7% x Base Salary at Time of Event

**TIERS
1, 2, 3
ONLY**




Selecting a pension *option*

1. All options provide the member a **lifetime benefit**
 - Pension checks are issued once a month
2. There is **no best** option
 - Will someone need income to live on after your death?
3. Option selections are **irrevocable**
 - Cannot be changed once pension is due and payable



Maximum Option



- ◇ Highest benefit payable
- ◇ Monthly benefit stops upon your passing
- ◇ Benefits payable upon death:
 1. One outstanding pension check
 2. Balance of unrecovered contributions
- Beneficiaries can include individuals, charities, your estate, or a trust


Maximum Option



- ◇ Beneficiaries designated to collect these benefits can be changed after retirement
- ◇ Your spouse or partner will be notified that there will be no survivor benefit


Options *A, B, C, D*

- Choose ONE individual to receive a lifetime benefit after your death
*CANNOT designate a charity, institution, or your estate
- Beneficiary will receive a percentage of what you were receiving
 A = 100% B = 75% C = 50% D = 25%
- Your benefit will be reduced based on:
 1. Your age and your beneficiary's age
 2. Option selected*Some IRS restrictions may apply




Options *A, B, C, D*

- Your beneficiary designation CANNOT be changed after retirement
- If your beneficiary passes away before you, your allowance will increase to the Maximum amount




Option 1

- Lifetime reduction
- Reducing retirement reserve is calculated; reduced each month
*Lasts approximately 8-11 years
- If you die before receiving pension checks equaling the reserve, your beneficiaries are entitled to the balance
*Does not guarantee a death benefit

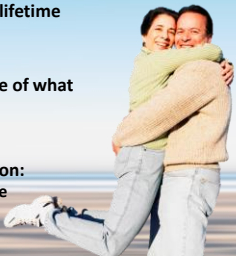


Option 1



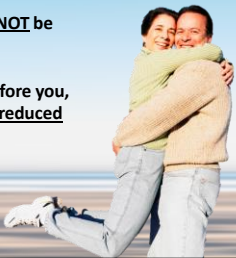
- Can name multiple beneficiaries
**Including a charity, institution, or your estate*
- Can change beneficiary designations after you retire

Options 2 and 3



- Choose ONE individual to receive a lifetime benefit after your death
**CANNOT designate a charity, institution, or your estate*
- Beneficiary will receive a percentage of what you were receiving
2 = 100% 3 = 50%
- Your benefit will be reduced based on:
 1. Your age and your beneficiary's age
 2. Option selected**Some IRS restrictions may apply*

Options 2 and 3



- Your beneficiary designation CANNOT be changed after retirement
- If your beneficiary passes away before you, your allowance will remain at the reduced amount

Reviewing a Sample <i>Estimate</i>			
Payment Method	Annual Benefit	Monthly Benefit	Beneficiary's Benefit DONALD SMITH
Maximum Option	\$45,591.84	\$3,799.32	No benefit payable to a beneficiary.
Option A (100%)	\$39,208.92	\$3,267.41	\$3,267.41 per month upon your death.
Option B (75%)	\$41,032.56	\$3,419.38	\$2,564.54 per month upon your death.
Option C (50%)	\$43,084.20	\$3,590.35	\$1,795.18 per month upon your death.
Option D (25%)	\$44,543.16	\$3,711.93	\$927.98 per month upon your death.
Option 1 (Reserve)	\$45,272.64	\$3,772.72	\$460,477.03 reduced by \$3,772.72 monthly
Option 2 (100%)	\$39,664.80	\$3,305.40	\$3,305.40 per month upon your death.
Option 3 (50%)	\$43,312.20	\$3,609.35	\$1,804.67 per month upon your death.




Purchasing Service Credit

Since your retirement allowance is based in part on the amount of service credit posted to your account at the time of retirement, it may be beneficial for you to purchase additional service credit if you are eligible to do so.

See the *Purchasing Service Credit* fact sheet and the *Purchase of Service Credit* video for more information.

NOTE: Arrears balances cannot be carried into retirement.



Life Insurance in Retirement

Must be qualified & covered by group life insurance while an active employee

+


Retiring with at least 10 years of pension service credit or on a disability retirement

=

No-cost benefit paid to named beneficiaries upon your death

Life Insurance

in Retirement



PERS

Benefit is equal to 3/16 of the last 12 months' base salary prior to retirement

Life Insurance

Beneficiaries for


Designate beneficiaries on your retirement application

- Can designate **multiple** primary **and** contingent beneficiaries
- Can include individuals, trust, organizations, and/or your estate



Conversion

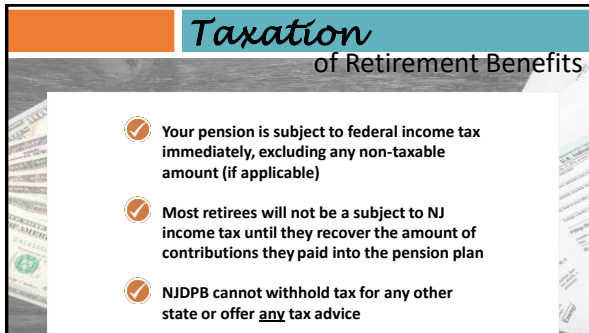
of Group Life Insurance



You have a one-time option to convert your group life insurance coverage to an individual policy with Prudential when you retire

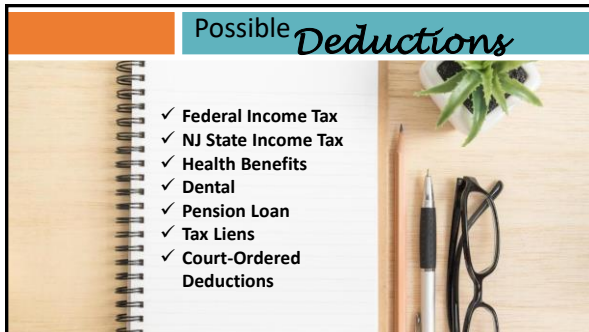
Must be completed prior to your 31st day after you cease employment

Will not be denied for any reason



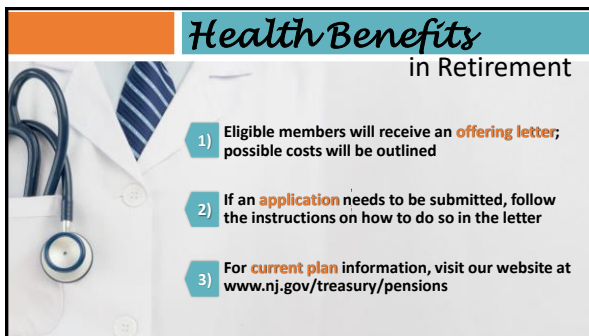
Taxation of Retirement Benefits

- ✓ Your pension is subject to federal income tax immediately, excluding any non-taxable amount (if applicable)
- ✓ Most retirees will not be a subject to NJ income tax until they recover the amount of contributions they paid into the pension plan
- ✓ NJDPB cannot withhold tax for any other state or offer any tax advice




Possible Deductions

- ✓ Federal Income Tax
- ✓ NJ State Income Tax
- ✓ Health Benefits
- ✓ Dental
- ✓ Pension Loan
- ✓ Tax Liens
- ✓ Court-Ordered Deductions



Health Benefits in Retirement

- 1) Eligible members will receive an **offering letter**; possible costs will be outlined
- 2) If an **application** needs to be submitted, follow the instructions on how to do so in the letter
- 3) For **current plan** information, visit our website at www.nj.gov/treasury/pensions




Your Health Benefit *Costs*

For **STATE** Employees

- ✓ 25 years of service before July 1, 2007: State-Paid

- ✓ 25 years of service after July 1, 2007 but before June 28, 2011*:
1.5% of your monthly pension benefit or Retiree Wellness Program
*State Judiciary Unions: 25 years after 7/1/07 but before 7/1/12

- ✓ 20 years of service before June 28, 2011, upon attaining 25 years of service: 1.5% of your monthly pension benefit




Your Health Benefit *Costs*

For **STATE** Employees (continued)


- ✓ Less than 20 years of service before June 28, 2011, upon attaining 25 years: Responsible for a percentage

- ✓ Less than 25 years of service at the time of retirement:
Responsible for the full cost




Medicare *Parts A & B*

Medicare enrollment in Parts A & B is required, if eligible, for you and your eligible dependents



Provide a copy of the Medicare card
or
A copy of the SSA award letter with effective dates of coverage



Medicare and your Prescriptions

Once the NJDPB has received your Medicare proof, you will automatically be enrolled in Part D for prescription coverage

- ✓ No additional action is required on your part
- ✓ You can only have ONE Part D plan
- ✓ If you enroll yourself in a different Part D plan you will be disenrolled from your SHBP coverage



Dental Benefits in Retirement

- 1 To Be Eligible for Dental**
Must be enrolled in a medical plan through the SHBP or waived medical coverage because of other group coverage from another employer
- 2 One-Time Enrollment**
Can be deferred if you have waived your dental benefits because of other group coverage from another employer
- 3 Orthodontic Coverage**
Not available with any of the retiree dental plans



Making Plan Changes

- ✓ **There is no open enrollment period.** You can make a plan change at *any time* provided that you have been with the same plan for at least 12 months
- ✓ **If you terminate your coverage,** reinstatement is generally not allowed
- ✓ **Waiving coverage allows you to retain your right to enroll at a later date**
 - Must be covered in another group plan through a different employer
 - Eligible to return to SHBP within 60 days of loss of other coverage

Submitting your Application

Your MBOS Home Page pensions and benefits home [Logout](#)

Member Name : SUSAN SMITH

Member Number : PERS - 1234567

susan.smith@mail.com

Member Account Applications

Pension Account Information and Calculators

[Payroll Certifications](#)

[Personal Benefit Statement](#)

[Pension Loan](#)

[Application for Withdrawal](#)

[Designation of Beneficiary](#)

[Links & Forms](#)

[Purchase Application](#)

[Retirement](#)

[Purchase Calculator](#)

[Purchase Authorization](#)

[Letters and Statements](#)

[Online Document Submission](#)

Other Benefit Programs

[SMBP/SHBP](#)

[Application Help](#)

[Search Help](#)

Submitting your Application

Submitting *Proof of Age*

Birth Certificate with a VISIBLE SEAL

Current passport or US passport card

Current NJ, NY, or PA digital driver license

Current NJ digital non-driver ID

Naturalization or Immigration Papers

***Include your member number AND name**


PLEASE SEND COPIES ONLY
MAIL to PO Box 295, Trenton, NJ 08625-0295 *or*
UPLOAD via MBOS's "Online Document Submission" button

Submitting your Application

Retirement *Checklist*

- Quotation of Retirement Benefits** issued
 - Includes monthly allowance, any outstanding loan balance, arrears balance, and/or shortages
- Retirement presented to Board of Trustees for approval
- Provide direct deposit information (EFT) on MBOS
- First check issued when "due and payable"
- Statement of Retirement Allowance letter sent shortly after retirement date
- Provide tax withholding (W4P) forms on MBOS

Retirement Assistance




1

Schedule an **appointment** for a one-on-one interview at www.nj.gov/treasury/pensions



2

Speak to a phone counselor by **calling** the Office of Client Services at (609) 292-7524



3

Contact the NJDPB via **email** with pension questions at pensions.nj@treas.nj.gov

Retirement

Resources

Websites & Phone Numbers:

NJ Division of Pensions & Benefits
Web: www.nj.gov/treasury/pensions
Email: pensions.nj@treas.nj.gov
Mail: P.O. Box 295, Trenton, NJ 08625-0295
Live Chat: Via the NJDPB's website
Phone: (609) 292-7524

NJ State Deferred Comp (NJSEDCP)
Web: newjersey.retirepro.com
Phone: 1-866-657-3327

Social Security
Web: www.ssa.gov
Phone: 1-800-772-1213

Medicare
Web: www.medicare.gov
Phone: 1-800-MEDICARE

Fact Sheet Titles by Category:

Retirement
Deferred Retirement
Disability Retirement Benefits (PERS/TPAF)
Employment After Retirement Restrictions
Qualified Domestic Relation Order (QDRO)
Retirement Checklist
Retirement-How to Apply for PERS & TPAF Members
Retirement-PERS & TPAF Pension Options
Taxation of Retirement Benefits
Veteran Status

Purchase of Service Credit
Purchasing Service Credit

Health Benefits
Dental Plans – Retirees
Health Benefits Coverage–Enrolling as a Retiree
Health Benefit Programs and Medicare Parts A & B

Life Insurance
Conversion of Group Life Insurance

**New Jersey Division of Pensions & Benefits**

PO Box 295, Trenton, NJ 08625-0295

Telephone: (609) 292-7524 • E-mail: pensions.nj@treas.nj.gov

Thinking About Retiring from the PERS or TPAF?

When you are ready to submit your retirement application, you should have a few key pieces of information at hand. ***Note: This is NOT a retirement application; this should be used by the member as a retirement-planning tool ONLY.**

What is your mailing address? _____

What is your retirement date? _____

What is your retirement type? _____

Tiers 1, 2, or 3:

Were your last three years of service your highest salary years? _____

If not, what were your three highest fiscal years? (A fiscal year is July 1st through June 30th)

For Tiers 4 and 5:

Were your last five years of service your highest salary years? _____

If not, what were your five highest fiscal years? (A fiscal year is July 1st through June 30th)

What pension option are you selecting? _____

Who will be your pension beneficiary? _____

What is their SSN _____ Their date of birth? _____

What is their address? _____

Who will be your primary life insurance beneficiary(ies)? _____

What is their SSN _____ Their date of birth? _____

What is their address? _____

Who will be your contingent life insurance beneficiary(ies)? _____

What is their SSN _____ Their date of birth? _____

What is their address? _____

Some Other Things to Consider...

- When do you have to provide your employer notice that you are retiring? Do they require something in writing?
- Do you need to send the NJDPB proof of age? (See the *Retirement Checklist* fact sheet)
- Have you run a retirement estimate for yourself?
- Do you have a SACT account? Have you determined what your SACT disbursement will be? (Visit www.nj.gov/treasury/pensions/pension-active-other.shtml; select “SACT” for more information)
- Do you have Deferred Compensation, 403b, IRA or ROTH IRA? Have you contacted your financial institution to determine disbursement options?

Use these resources to help plan your retirement from the PERS or TPAF:

To view **Fact Sheets** from NJDPB’s website, click the “Publications” link in the navigation bar and select “Fact Sheets” from the drop down menu. Fact Sheet topics and titles are listed below

***All Fact Sheets can be located on NJDPB’s public website at www.nj.gov/treasury/pensions**

Retirement

Retirement – How to Apply for PERS and TPAF Members

Retirement – PERS and TPAF Pension Options

Retirement Checklist

Deferred Retirement

Disability Retirement Benefits (PERS & TPAF)
Retirement Check Information

Group Life Insurance

Conversion of Group Life Insurance
Beneficiary Designation

Health Benefits

Health Benefits Coverage – Enrolling as a Retiree
Health Benefit Programs and Medicare Parts A & B for Retirees

Miscellaneous

Taxation of Retirement Benefits
Veteran Status
Divorce, Dissolution of a Civil Union, & Your Retirement Benefits
Qualified Domestic Relations Order - QDRO
Employment after Retirement Restrictions

Other Resources:

Online Guide to Retirement

www.nj.gov/treasury/pensions/retirement.shtml

PERS Handbook

www.nj.gov/treasury/pensions/documents/guidebooks/persbook.pdf

TPAF Handbook

www.nj.gov/treasury/pensions/documents/guidebooks/tpafbook.pdf

MBOS Registration Instructions

www.nj.gov/treasury/pensions/mbos-register.shtml