

Public Employees'  
Retirement System(PERS)  
Member Guidebook

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# PERS General Information

**FOREWORD**

The New Jersey Public Employees' Retirement System (PERS) Member Guidebook provides a summary description of the benefits of the plan and outlines the rules and regulations governing the plan. The PERS Member Guidebook should provide you with all the information you need about your PERS benefits. However, if there is a conflict with statutes governing the plan or regulations implementing the statutes, the statutes and regulations will take precedence. Complete terms governing any employee benefit program are set forth in the New Jersey Statutes Annotated. Regulations, new or amended, are published in the New Jersey Register by the State Office of Administrative Law supplementing the New Jersey Administrative Code. This guidebook, containing current updates, is available for viewing on our website at: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions) While at the New Jersey Division of Pensions & Benefits (NJDPB) website, be sure to check for PERS-related forms, fact sheets, and news affecting the PERS.

Addenda guidebooks have been created for the Law Enforcement Officers, Legislative Retirement System, Prosecutors Part, and Workers' Compensation Judges Part, which are components of the PERS, but have significantly different benefits. The addenda are available for viewing on our website.

The purpose of this guidebook is to provide you with information about the retirement system to assist you in making decisions concerning you and your family's future. If you have questions concerning your retirement system benefits, please see the "Contacting the State of New Jersey Division of Pensions & Benefits (NJDPB)" section.

Since this is your guidebook, we would appreciate any comments or suggestions for improvement that you might have. Please send them to the address listed below:

**New Jersey Division of Pensions & Benefits  
ATTN: Office of Communications  
P.O. Box 295  
Trenton, NJ 08625-0295**

**THE RETIREMENT SYSTEM**

The State of New Jersey established the PERS in 1955 to replace the former State Employees' Retirement System. The NJDPB is assigned all administrative functions of the retirement system except for investment.

The PERS Board of Trustees has the responsibility for the proper operation of the retirement system. The Board consists of:

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- = Ú^à Ú~ã~à Ú[ãã] ;[ã]ì á\æ
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The Board meets once per month. A PERS member who wishes to be a candidate upon a vacancy for the PERS Board of Trustees must be nominated by petitions bearing the signatures of 500 active members.



NJSEDCP, also known as Deferred Comp, call Prudential at 1-866-NJSEDCP (1-866-657-3327) weekdays between 8:00 a.m. and 9:00 p.m. (except State holidays). A plan representative will answer your questions and provide enrollment and distribution forms.

SACT, call (609) 292-7524 weekdays between 7:00 a.m. and 4:30 p.m. (except State holidays). SACT representatives will answer your questions and provide enrollment and distribution forms.

**Internet, Email, and Mailing Address**

General information and most publications of the NJDPB can be found on the NJDPB website. You can email the NJDPB at: *pensions.nj@treas.nj.gov*

Our postal address is:

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

On all correspondence, be sure to include your membership number or the last four digits of your Social Security number.

**Counseling Services**

The NJDPB offers counseling services to members of the retirement systems and benefit programs. Counselors are available by appointment Monday through Friday, 8:00 a.m. to 4:00 p.m., with the last interviews taken at 3:30 p.m. Walk-in counseling services are also available. Clients with scheduled appointments will be seen first. Therefore, it is recommended you make an appointment. Appointments can be made on our website.

**PLAN INFORMATION**

**Name of Plan**

The Public Employees' Retirement System of New Jersey (PERS)

**Administration**

The PERS is a defined benefit plan administered by the New Jersey Division of Pensions & Benefits (NJDPB).

**Provisions of Law**

The PERS was established by New Jersey Statute and can be found in the New Jersey Statutes Annotated, Title 43, Chapter 15A. Changes in the law can only be made by an act of the State Legislature. Rules governing the operation and administration of the system may be found in Title 17, Chapters 1 and 2 of the New Jersey Administrative Code.

**Funding**

The funds used to pay benefits come from three sources: employer contributions, employee contributions, and investment income from those contributions. All contributions not required for current operations are invested by the State Division of Investment.

**Plan Year**

For record-keeping purposes, the plan year is July 1 through June 30.

**Service of Legal Process**

Legal process must be served on the Attorney General of New Jersey pursuant to New Jersey Court Rules, R. 4:4-4(7).

**Employment Rights Not Implied**

Membership in the PERS does not give you the right to be retained in the employ of a participating employer, nor does it give you a right of claim to any benefit you have not accrued under terms of the system.

Benefits and provisions of the PERS are subject to changes by the legislature, courts, and other officials. While this guidebook outlines the benefit and contribution schedules of the PERS, it is not a final statement. Complete terms governing any employee benefit program are set forth in the New Jersey Statutes Annotated. Regulations, new or amended, are published in the New Jersey Register by the State Office of Administrative Law supplementing the New Jersey Administrative Code.

# Eligibility

**MEMBERSHIP**

Eligibility rules and regulations are described in general terms in this guidebook and may not cover all situations. If you have been a public employee for several years, you should be aware that the present rules and regulations governing enrollment in the retirement system differ from past rules and regulations. If you have specific questions concerning your date of enrollment or membership status, you may wish to contact the NJDPB for additional information.

**PERS Special Employee Groups**

The information contained in this guidebook applies to the majority of the members enrolled in the PERS. However, certain members of the PERS qualify for enrollment into special employee groups:

beyond six consecutive months for employing locations that report on a 12-month basis, or five months for employing locations that report on a 10-month basis).

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- = X | : â[â â TÓUÚ æ~]â'~ç [â~[âà c^ | ^â] 'à\ approved to return to PERS-covered employment, but do not earn the minimum annual salary for enrollment under your original PERS membership tier.
- = X | : â[â [â~[âæ â\æ [âää•\â â b | \^iç [â~[â b à\ allowance from another public retirement system in New Jersey.
- = X | : [âää•âæ â î | b {E} | b [â~[â b à\ æ~]~'~\ from the Alternate Benefit Program (ABP) or Defined Contribution Retirement Program (DCRP), regardless of distribution amount.
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- = X | : â[â â \àcîç àîää~âæ Ú~â~à |[ î | äâî | êä-âî Á]âà section to follow).
- = X | : â[â â \àcîç â{ | \~âæ Ú~â~à |[ î | äâî | êä-âî and do not have an existing PERS account (see below).



# Enrollments

**OVERVIEW**

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system and remain an active, contributing member of the second retirement system, except ABP and DCRP members.

**TRANSFERS**

*(Prosecutors Part members see addendum)*

**Intrafund Transfer**

An Intrafund Transfer is the transfer of your account from one PERS employer to another PERS employer.

If you terminate your current PERS position and accept a PERS position with a different employer, you are eligible to transfer your PERS account and maintain your original PERS membership tier status provided:

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- = 0 ^â ] \ | ~ 'à à \ b | [ à ~ ^â \ ~ c | ä | \ ] à à ! ~- • à ç à â [ ] - \ à à ç | | [ î â ] ~ { à \ } - | \ ä | \ ~ [ ~- | ~- | \ | ä \ æ
- = X | | b à à ~ ^à à î-â- ' ç [ à ] | - [ à b à ~ \ ] | & ç | | [ T Ó U Ú membership tier with the new PERS employer.

If you meet the criteria listed above, your new employer should file a *Report of Transfer* form with the NJDPB.

If there has been a break in service of more than two consecutive years since your last pension contribution, you cannot continue contributions under your prior PERS membership. The new employer should submit a new *Enrollment Application* through EPIC with the NJDPB. You will be enrolled in a new PERS account under the membership tier in effect at the time you return to PERS employment.

If you are vested in your prior, inactive PERS account (see the "Vesting" section) you may be eligible for a transfer of your old membership account to your new membership account. This type of transfer is called a Tier-to-Tier Transfer and is completed by submitting a

*Tier-to-Tier Transfer Form* at the time of enrollment. It is important to note that by completing a *Tier-to-Tier Transfer Form* you waive all rights to retirement benefits as provided under the original, inactive membership tier.

If you are not vested in your prior, inactive PERS account, you may withdraw your contributions. See the "Withdrawal from the Retirement System" section.

If you have withdrawn your prior PERS account, whether you have a break in service of more than two consecutive years or not, the new employer must submit an *Enrollment Application* through EPIC and you will be enrolled in a new PERS account under the membership tier in effect at the time you return to PERS membership. The service credit under the prior, inactive membership may then be eligible for purchase as Former Membership. See the "Purchasing Service Credit" section.

**Note:** If you are continuing employment with your first PERS employer and adding employment with a second (or subsequent) PERS employer, see the limitations in the "Multiple Membership" section.

**Interfund Transfer**

An Interfund Transfer is the transfer of your account from a PERS employer to employment covered by a different New Jersey State-administered retirement system, or vice versa.

If you terminate your current PERS position and accept a position covered by a different New Jersey State-administered retirement system, you may transfer your contributions and service credit to the new retirement system provided:

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- = X | | â [ à \ | ~ â æ ! â î b à b 'à [ c-^ b | [ à ~ ^â \ ~ ^ [ à à years of concurrent service in the TPAF\* or with any concurrent service in any other retirement system
- = X | | b à à ~ ^à à î-â- ' ç [ à ] | - [ à b à ~ \ ] | & ^à \ à c [ à ~- [ à b à ~ \ ] ç ] ~ à b i à \ æ
- = X | | â { ç & | [ ~ ^à 0 \ à [ & | \ æ Ú [ â \ ] & à [ c-^ \- \ € È æ â ç ] of the date you meet the eligibility requirements of the new retirement system.

**Note:** A PERS member who meets the criteria listed above and transfers to a position covered by the TPAF is eligible to maintain his/her original PERS membership tier status under the TPAF account.

Similarly, a member of a different New Jersey State-administered retirement system, except the ABP or DCRP, who meets the criteria listed above and transfers to a position covered by the PERS will be enrolled in the PERS membership tier that corresponds to the original date of enrollment. 12.8(a)-related retirement system

**Note:** Members enrolling into the PERS or TPAF after a break in service of two or more years will be enrolled under the membership tier in effect at the time the new PERS or TPAF employment begins.

**SERVICE CREDIT**

*(Prosecutors Part members see addendum)*

Since retirement benefits are based in part on accumulated service credit, it is important that you receive the correct amount of credit for the amount of time you work.

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- = Ób {î|çàà} c^| ]à àb {î|çà[] [à{|[~ ]à[•-ää â\æ contributions biweekly will receive one pay period of service credit for each pay period a full pension contribution is made.
- = Ób {î|çàà} {â-æ | \ â ÈÈEb | \ ^ ä | \ ^ ää ~ &[ | b September through June will receive credit for the July and August that preceded September if a full month's pension deduction is taken for September.

**Credit For Military Service After Enrollment**

The federal Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA) provides that a member who leaves employment to serve on active duty is entitled to certain pension rights upon return to employment with the same employer. If the member makes the pension contributions that would have been normally required upon return and within the time frames specified under USERRA, the military service will count for vesting, retirement eligibility, the calculation of the retirement benefit and, if applicable, health benefits eligibility, as though the employee had not left.

When an employee returns from uniformed military service to PERS-covered employment, the employer should notify the NJDPB no later than 30 days after the employee's return by submitting a *Request for USERRA-Eligible Service* form. Once notified, the NJDPB will provide the employee with a quotation for the cost for purchasing the service credit.

There is a time-sensitive element to the USERRA purchase which differs from the other purchase of service credit provisions available to PERS members. See the *USERRA - Military Service After Enrollment* Fact Sheet for more information.

**VESTING**

*(LEO, LRS, and Prosecutors Part members see addendum)*

You are vested in the PERS after you have attained 10 years of service credit. Being vested in the PERS means that you are guaranteed the right to receive a retirement benefit when you reach normal retirement age. For Tier 1 and Tier 2 members, normal retirement age is 60. For Tier 3 and Tier 4 members it is age 62. For Tier 5 members it is age 65.

- = Ø ç | | â[â •à]~àæ â\æ ~â[b-\â~à ç | | [ àb {î|çbà\` you must file a retirement application prior to receipt of any benefits for which you may qualify (see the "Types of Retirement" section). Alternatively, you may voluntarily withdraw from the retirement system (see "Withdrawal from the Retirement System" section).
- = Ø ç | | â[â •à]~àæ ~â[b-\â~à ç | | [ àb {î|çbà\` without retiring or withdrawing, and return to PERS-covered employment within two consecutive years of the last pension contribution, you may continue to make contributions to — and accrue service in — the existing pension account.

**Example:** A PERS Tier 1 member with 15 years

*of service terminates employment at age 45 and accepts another PERS-eligible position six months later. In this case, the member can resume making contributions to the existing PERS account and will retain his Tier 1 membership status.*

- = Ø ç | | â[â •à]~àæ ~â[b-\â~à ç | | [ àb {î|çbà\` without retiring or withdrawing, and return to PERS-covered employment two or more years after the last pension contribution, you cannot resume contributions to the vested account. Instead you would be enrolled in a new PERS account.

**Example:** A PERS Tier 1 member with 15 years of service terminates employment at age 45 and accepts another PERS-eligible position three years later. In this case, it has been over two consecutive years since the last PERS contribution, and the member will be required to enroll under a new PERS account as a Tier 5 member (see "Exceptions" section if laid off or terminated through no fault of your own).

- = Ø ç | | â[â \ | ~ •à]~àæ â\æ ç | | ~â[b-\â~à àb {î|ç- ment before retiring, your options vary depending on the nature of your termination and/or your age at the time of your termination (see the "Terminating Employment" section).





**Note:** U.S. Government Service requested for purchase after November 1, 2008, cannot be used to qualify for any State-paid or employer-paid health benefits in retirement.

**Military Service Before Enrollment**

Members may be eligible to purchase service credit for up to 10 years of active military service rendered prior to enrollment, provided the member is not receiving or eligible to receive a military pension or a pension from any other state or local source for such military service.

Active military service eligible for purchase means full-time duty in the active military service of the United States and includes full-time training duty, annual training duty, and attendance at a school designated as a service school by law or by the secretary of the military department concerned. It cannot include periods of service of less than 30 days. It does not include weekend drills, annual summer training of a national guard or reserve unit or time spent as a cadet or midshipman at one of the military academies.

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**Partial Purchases**

You may purchase all or part of any eligible service. If you make a partial purchase, you may purchase any remaining eligible service at a later date. The cost of any later purchase will be based upon your age and the annual salary or highest fiscal year salary at the time of your subsequent request to purchase.

**Estimating the Cost of a Purchase**

To estimate the cost of a shared purchase, multiply the higher of your current annual salary or highest fiscal year salary times the purchase factor.

$$\frac{\text{Higher of Current Annual Salary or Highest Fiscal Year Salary} \times \text{Purchase Factor}}{\text{Actual Taxable Salary}}$$

After the NJDPB verifies employment, you will receive a *Purchase Cost Quotation Letter* indicating the cost of any service approved for purchase. You must respond to the quotation letter within the specified time period.

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alm(a)-6.4(na)13.7(c)-14.1(n y)6.9(o)-7.9(l r)-5(e)-14.2(c)-14.1(e)-8.5(i)-8.8(v)9.7(u-0)-4.7(-8.5br p)16.5(a)-8.8(s)-7.4(e)-11.9.3(o)-10.5(g t)-9.7(h)-8.5f1(D)-4u9(s)-6l4(i)-5. (a)-6.2(m)-76.9(o)  
c3(o)-10(l r)-5(e1-10.9(d)-11.6(7t)0.5(n y)6.9(o)-7.9(u a)0.9(g)-6.8(r)-5(e)-9.4(e)-11.9(e to p)-7.6(u)-2.1(r)-9.8(c)-16.6(h)-7.1(a)-8.8(s)-7.4(e)TJ/ActualTextFEFF002E BDCa)16.651 0

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# Loans



In these cases your employer must complete a

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the loan in full prior to the end of the tax year in which the default occurs. If you resume your loan repayments after the default, the payments received will be posted to your account as previously taxed contributions that will increase the nontaxable portion of your pension at retirement.

Unlike a normal pension distribution, a loan treated as a distribution cannot be rolled over to an IRA or other qualified retirement plan.

# Supplementing





# Retirements

**OVERVIEW**

*(LEO, LRS, Prosecutors Part, and  
WCJ Part members see addendum)*

Applications for retirement must be filed through MBOS and received by the NJDPB prior to the effective date of the retirement. It is the member's responsibility to apply for retirement and ensure that all required documents are received by the NJDPB within 90 days.

Active employees age 70 1/2 and older who terminate PERS-covered employment should immediately apply for retirement or withdraw their contributions. The IRS imposes a 50 percent excise tax on the accounts of members who terminate employment but do not retire or withdraw contributions by April 1 following the calendar year in which they turn age 70 1/2. This rule does not affect members age 70 1/2 or older while they are still actively employed in PERt 7(me)1hvhyo Td(.)Tjtqoo1.9aEF.9(y)9.oo1.o12

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maintain health coverage through the SHBP or SEHBP. Participants should contact their employer to see if they qualify for COBRA continuation.

PERS members with 25 or more years of service

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while receiving an Accidental Disability Retirement, the pension portion of your retirement allowance will be re-



**4-6 Months Before Retirement**

**Retirement Applications** — It is your responsibility to file a retirement application with the NJDPB. All retirement applications must be submitted online using MBOS. MBOS provides fast, efficient processing of your retirement application.

All retirements are effective on the first of a month. You can submit your retirement application no more than one year before your retirement date — and as late as the last business day prior to your retirement date — but four to six months advance filing is recommended. Under no circumstances can a retirement become effective prior to the date the application is received by the NJDPB.





form which can be printed from the NJDPB website.

Please allow approximately 60 days for a new direct deposit, or changes to an existing direct deposit, to begin.

**Withholding Federal and N.J. State Income Tax —**

The NJDPB will provide for the withholding of federal and New Jersey State income tax from your retirement check.

The default withholding status for federal income tax is “married” with “three dependents” regardless of your actual marital status or number of dependents. The NJDPB is obligated to withhold federal income tax at this status unless you file a *Form W-4P* instructing us to change the withholding status or not to withhold tax.

New Jersey income tax withholding is voluntary, and none will be withheld unless you instruct us to do so.

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# Active and Retired Death Benefits

**OVERVIEW**

*(LRS, Prosecutors Part, and WCJ  
Part members see addendum)*

**Noncontributory and  
Contributory Group Life Insurance**

As an active employee you may be covered by two types of group life insurance:

- = **Noncontributory Group Life Insurance** is provided by your employer through the retirement system.

**CHOOSING A BENEFICIARY**

When a member is enrolled in the PERS, the new member's estate is the beneficiary on record until the NJDPB receives a new *Designation of Beneficiary*.

**Note:** Active members must complete the *Designation of Beneficiary* using MBOS.

When you submit the *Designation of Beneficiary*, you name beneficiaries for both your group life insurance benefits and the return of your pension contributions. You may change your designation at any time during your active membership by submitting a new *Designation of Beneficiary*.

You will be asked on your retirement application to name a beneficiary(ies) for pension benefits and separately name beneficiaries for group life insurance benefits. Some restrictions apply to who may be named for group life insurance benefits. See the "Optional Settlements at Retirement" section.

The designation of a beneficiary on a retirement application that is filed with and accepted by the NJDPB supersedes any older designation of beneficiary on file. The designation is effective upon acceptance by the NJDPB, even if the retirement date on the application is in the future or the member later cancels the retirement application.

Retirees may also change group life insurance designations at any time during retirement by filing a new *Designation of Beneficiary*. Retirees should complete the *Designation of Beneficiary* via MBOS or paper application, which is available on our website.

If you have additional questions regarding designations, please see the *Beneficiary Designation Fact Sheet*.

For your protection, beneficiary designations cannot be accepted or confirmed over the telephone or by email. Members can verify beneficiary designation on MBOS. Otherwise, the NJDPB will only accept a written request from the member to verify your beneficiary designation on file.

**Divorce/Dissolution of Partnership**

In cases of divorce or dissolution, N.J.S.A. 3B:3-14 states that even if your *Designation of Beneficiary* form indicates a former spouse/partner and/or relatives of the former spouse/partner as beneficiaries for life insurance, they cannot receive the benefit. Therefore, life insurance proceeds become payable to your remaining primary beneficiaries, if any, contingent beneficiaries, if any, or your estate.

tions are necessary to continue coverage under the contributory plan (see note).

An official leave of absence requires documentation that establishes the nature of the leave and the continuing relationship between the employer and the member.

**Note:** You may continue contributory life insurance coverage during these periods by forwarding a completed *Personal Insurance Contribution Remittance* form to the NJDPB along with a check made payable to "PERS CGIPF." The amount due to cover the premium is .005 of your monthly base salary in effect at the time you went on leave. To keep your contributory life insurance in effect, this premium must be paid within 31 days of the start of the official leave of absence. It is the member's responsibility to make contributory life insurance premium payments directly to the NJDPB. The *Personal Insurance Contribution Remittance* form is available from your employer or on the NJDPB website.

**TAXATION OF GROUP LIFE INSURANCE PREMIUMS**

The IRS classifies all employer-provided life insurance coverage over \$50,000 as a fringe benefit subject to taxation. The amount of life insurance coverage is not taxable, but the premium required to pay for the life insurance coverage is taxable.

To determine the taxable amount, if any, add the amount of your noncontributory coverage to your contributory coverage then subtract \$50,000 from that total. 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 your age (see the "IRS Premium Rates" chart) and your salary. The premiums you pay for your contributory coverage (.005 x salary) are subtracted from the premium costs determined by the IRS.-

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net taxable value would be reduced to \$164.40 by subtracting the premium for \$40,000 (\$206.40) from the taxable premium shown above (\$370.80 - \$206.40).

You may waive your Noncontributory Group Life Insurance coverage in excess of \$50,000 by completing a *Waiver of Group Life Insurance in Excess of \$50,000* form and submitting it to the NJDPB. The form is available from the NJDPB or your employer. The waiver form must be received by the NJDPB before December 31 in order to be effective January 1 of the following calendar year. Once a waiver form has become effective, it shall be irrevocable for the entire calendar year. The waiver will remain in effect until you submit another waiver form opting to reinstate coverage to the NJDPB. The reinstatement will become effective the following January 1.

If a waiver is in effect at the time of termination of employment or retirement, you will not be permitted to convert any amount of your Noncontributory Group Life Insurance coverage over \$50,000.

Before completing the waiver, you should completely understand the ramifications of waiving your noncontributory insurance. For more information, refer to IRS Publication 525, *Taxable and Nontaxable Income*.

### **CONVERSION OF GROUP LIFE INSURANCE**

If you are covered by group life insurance while employed, the coverage ends 31 days after you cease employment, whether for reasons of retirement, termination of employment, or leave of absence without pay.

You are eligible to convert your group life insurance coverage to an individual policy with Prudential Financial, without medical examination and at your own ex-

domestic partners is required for verification (see the

**Withdrawal**

**OVERVIEW**

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If you are approved for Accidental Disability Retirement benefits and receive periodic Workers' Compensation benefits, the pension portion of your retirement allowance will be reduced dollar for dollar by the amount of the periodic benefits.

For additional information, see the *Workers' Compensation* Fact Sheet.

# Appeals

