

2010 PENSION AND BENEFITS UPDATE

Today's Topics

- ⊙ Chapter 1, P.L. 2010
 - Just what we needed....another tier.
- ⊙ Chapter 3, P.L. 2010
 - Goodbye disability retirement
- ⊙ Chapter 2, P.L. 2010
 - But, we were already paying 1.5%
- ⊙ Ken's Soapbox
 - MBOS and other goodies

New Enrollees – Tier 4 Membership Enrolled after 5/21/2010

- Only full time employees are eligible for membership
- Eligibility requirements based on hours of employment, not salary
 - 35 hours/week (State)
 - Hours will be certified on enrollment applications of eligible members

New Enrollees – Tier 4 Membership

- Retirement eligibility and ages from Tier 3 apply to Tier 4
 - Service, Early, and Deferred Retirement formula is

$$\frac{\text{Years/Months}}{60} \times \text{FAS} = \text{Gross Annual Pension}$$

- Final Average Salary will be calculated on last 5 or highest 5 fiscal years
 - Veteran retirement is unchanged

Chapter 3 P.L. 2010

- Tier 4 members of PERS and TPAF no longer have the option of retiring on Ordinary or Accidental Disability Retirement
- They will be eligible for Disability Insurance Coverage
 - Replaces Ordinary and Accidental Disability Retirement
 - More details about coverage will follow

For Those Ineligible for Membership

- Tier 4 individuals ineligible for TPAF or PERS may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP)
 - Criteria

Defined Contribution Retirement Program (DCRP)

- Must meet PERS or TPAF enrollment criteria except for hours
- Must earn at least \$5,000.00 annually
- Enrollment is mandatory – no option to waive
- Cannot be a retiree from a NJ state retirement system (including DCRP)

Defined Contribution Retirement Program (DCRP)

- Chapter 1 will result in more employees being enrolled in DCRP going forward
- Increases minimum salary for DCRP eligibility to \$5,000
 - Ends optional enrollment if salary is between \$1,500 and the \$5,000 minimum
- DCRP service does not count toward health benefit eligibility in retirement
- Can enroll in PERS/TPAF at later date if eligible
 - Cannot transfer DCRP service and it cannot be purchased

New Enrollees – Tier 2 Membership in PFRS

- Final Compensation for Tier 2 based on average of 3 highest fiscal years
 - Based on fiscal years, not last 36 months
 - Any service credit earned up to retirement date still counts
- Social Security maximum salary limits apply to pensionable salary (\$106,800 in 2010)
 - Excess compensation eligible for enrollment into DCRP

DCRP Enrollment

- Tier 2 PFRS or SPRS members with annual salary in excess of the maximum compensation limit are also enrolled in the DCRP
 - At time of PFRS or SPRS enrollment if salary is over the limit
 - When the salary is increased to where it will exceed the maximum compensation and is reported by the employer to the Division of Pensions and Benefits

DCRP for PFRS or SPRS Members

- For example: member's compensation is \$130,000
 - \$106,800 PFRS contribution of 8.5% through IROC
 - \$23,200 – DCRP contribution of 5.5%
 - Employer contributes an additional 3% based on DCRP eligible compensation
 - Members can do a waiver of the DCRP benefit
 - Waiver can be revoked at a later date

SHBP/SEHBP Enrollment

- For new members enrolled after 5/21/2010
- **Enrollment in the SHBP** is limited to State or Local Government employees or appointed or elected officers
 - **State employees must work a minimum of 35** hours per week or more if required by contract
 - **Newly appointed or elected State or local Government officials must work a minimum of 35** hours per week or more if required by resolution

Multiple Coverage Eliminated

- Prohibits multiple coverage under the SHBP or SEHBP. Members may only be enrolled through one group (active employee, retiree, or as a dependent) for all coverage under the SHBP or SEHBP
 - Could be two single coverage or one family coverage or one single coverage and one parent/child coverage
 - An Employee or Retiree not taking coverage needs to waive coverage

Retiree Contribution to Cost

- Any employee ***enrolled in a NJ retirement system after 5/21/2010*** will be required to *pay at least 1.5 %* of their pension benefit toward the cost of health benefits coverage in retirement
 - This amount will be in addition to any other amount that may be required through collective negotiations
 - Includes medical and/or prescription drug coverage.

MBOS

- ⦿ Please encourage employees to keep their login and password safe
 - Like they keep their ATM code
- ⦿ Please do not log in to MBOS for your employees
 - Let them do it themselves

MBOS

- Must be registered
- MBOS estimates are the most accurate figures you can get
- ***The estimate you get on MBOS is the same one you would get from a Pension Counselor!***
- It's very easy!!!!

MBOS

- ◎ Members can do so much with this
 - Loans
 - Beneficiaries
 - Purchase
 - Check health benefits
 - Retirements
- ◎ Almost no reason to call or come in

Retirement Workshops

- ⦿ Until the end of June...for now
 - Still room in most
- ⦿ For folks planning to retire soon
 - 6-9 months
- ⦿ Schedule on our website
- ⦿ Preferable to a 2 hour wait at pensions

Ready to File for Retirement?

- Submit an ***Application for Retirement Allowance***
- You should do this through MBOS
 - You can file on paper but processing will take longer
 - Paper is 4-5 months
 - Plan Ahead!!!
- Proof of Age Documents are required
 - **Member and Beneficiary**
 - Can be faxed or mailed
 - Number – 609-292-6656

Ready to File for Retirement?

- ◎ MBOS good

- ◎ Paper application bad

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Special Announcement

Welcome to Our New Web Site! The Division of Pensions and Benefits has redesigned this site to better serve our members. Browse our new Navigation Menu (above) or click on a specific topic

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- [Retirees](#)
- [Employers](#)

Online Services

Access to account information, loan application, retirement estimates and application, etc.

- [Logon to MBOS or EPIC](#)
- [MBOS for Employees](#)
- [MBOS for Retirees](#)
- [EPIC for Employers](#)

Information about...

- [Counseling Appointments](#) or [Cancel an Appointment](#)
- [Health Benefits Programs](#)
- [Forms and Publications](#)
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HOT TOPICS!

- Counseling Interview Appointments now available!**
Make an appointment using the "Counseling Appointment System" For more information [click here](#).
- Pension loan requests must be submitted online** using the Member Benefits Online System (MBOS) - [Register for MBOS](#) [Loan Information Flier](#) [Adobe PDF \(36K\)](#)

How Do I...

- [Schedule an Interview with a pension counselor?](#)
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- [Get Health Benefits Program information?](#)
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[Our mission](#) is to provide quality benefits and services to meet the needs of our clients and others we are committed to serve, through our efficient and responsive workforce.