



Leave of Absence and Your Benefits

Information for:
All Funds

This fact sheet addresses leave of absence and its effect on your pension service credit, group life insurance, and health benefits coverage under the New Jersey State-administered retirement programs. It also addresses family leave and leave for military service.

DEFINED BENEFIT RETIREMENT SYSTEMS

The State-administered defined benefit retirement systems include the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Police and Firemen's Retirement System (PFRS), State Police Retirement System (SPRS), and Judicial Retirement System (JRS).

Pension Service Credit

If a member is on an intermittent or a continuous leave of absence so that there is some amount of pay over several months/pay periods, there will be no impact on the member's pension as long as the member earns sufficient salary to make normal pension contributions during each month/pay period. Since the member's regular deduction is based on his or her contractual salary, the member will receive credit for both service and full salary during that month/pay period that the contribution is made.

Conversely, if a member does not earn sufficient salary in any given month/pay period to cover the regular pension deductions, the member will be considered to be on a leave of absence without pay for that month/pay period.

If a member is on a leave of absence and earns no pay in any given month/pay period, the member will not receive any pension service credit for those months/pay periods since the member did not work and pension contributions were not made. Upon return to active payroll status, PERS, TPAF, PFRS, and SPRS members may apply to purchase this service credit like any other authorized leave of absence.

Leave of Absence Without Pay – Purchasing Service Credit

Members of the PERS, TPAF, PFRS, and SPRS are eligible to purchase service credit for each official leave of absence without pay. The amount of service credit eligible for purchase depends on the type of leave that was taken (Out-of-State and Federal leaves are not eligible for purchase).

- Up to two years may be purchased for leaves taken for personal illness;
- Up to three months may be purchased for leaves taken for personal reasons (includes maternity – see below).

Conditions that pertain to the purchase of eligible leaves of absence:

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

- To be eligible for purchase, each leave of absence must be shown to have been approved in advance.
- A leave of absence without pay under a former membership may be eligible for purchase.
- An employee who is paid 10 months a year and who was on an approved leave that includes the month of September may be allowed to purchase service for the months of July and August as part of the leave of absence.
- Employers must certify the amount of time a member was under a doctor's care for leaves for personal illness.
- Employees are eligible to purchase up to three months leave for personal illness for maternity. If a leave is in excess of three months, it must be certified by a physician that the member was disabled beyond three months due to the pregnancy.
- Child care leave is considered a leave for personal reasons and is limited to a maximum eligible purchase of three months.

Members of the Defined Contribution Retirement Program (DCRP) or Alternate Benefit Program (ABP) are not eligible to purchase any portion of service credit for official leaves of absence without pay. See the "Defined Contribution Retirement Program (DCRP)" and the "Alternate Benefits Program (ABP)" sections.

Group Life Insurance

While employed, most defined benefit plan members are covered by Noncontributory Group Life Insurance. PERS and TPAF members may also be covered by Contributory Group Life Insurance. (JRS members, see below.)

Group life insurance will continue in full force while on an intermittent or continuous leave of absence with pay.

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

- Up to two years while on an official leave of absence for personal illness. In this case, contributions are not necessary for PERS or TPAF members to continue contributory insurance.
- Up to one year while on an official leave to fulfill a residency requirement for an advanced degree or as a full-time student at an institution of higher education. In this case, contributions are necessary for PERS or TPAF members to continue contributory insurance.
- Up to 93 days while on official leave for personal reasons (also family leave). In this case, contributions are necessary for PERS or TPAF members to continue contributory insurance.

Note: Remittance of PERS or TPAF Contributory Group Life Insurance premiums should be done immediately upon leaving the employer's payroll. If a member does not make these optional premium payments, contributory insurance is suspended until the member returns to the employer's regular payroll. Members must complete a *Personal Insurance Contribution Remittance* form, which is available from your employer or can be found on the New Jersey Division of Pensions & Benefits (NJDPB) website at: www.nj.gov/treasury/pensions

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

At the end of the covered period, PERS, TPAF, PFRS, and SPRS members have the option to convert group life insurance to a private policy. (See the *Conversion of Group Life Insurance* Fact Sheet.) Otherwise, group life insurance coverage will end.

JRS members are eligible for Noncontributory Group Life Insurance and one of two types of Contributory Group Life Insurance: Group Term Life Insurance or Group Variable Universal Life (GVUL). In most cases, JRS group life insurance continues while on an approved leave of absence. JRS members who leave covered service as a judge may convert Noncontributory Group Life Insurance and Group Term Life Insurance coverage to a private policy. GVUL insurance is portable coverage, which means that coverage can be continued by paying a monthly premium. JRS members should contact Prudential for details.

DEFINED CONTRIBUTION RETIREMENT PROGRAM (DCRP)

Salary and Service Credit

If a DCRP member is on an approved leave of absence on intermittent days or for a partial month but earns more than 50 percent of his or her regular base salary, the full 5.5 percent employee deduction and the three percent employer share will continue to be contributed as though he or she received full base salary.

If a DCRP member receives less than 50 percent of his or her base salary, no employee or employer contributions are made and no service credit is earned for that month. Since there are no provisions for purchasing service credit in the DCRP, this period of service cannot be reclaimed.

Group Life Insurance

While employed, most DCRP members are covered by employer-paid life insurance. This insurance will continue in full force while on an intermittent or continuous leave of absence with pay.

DCRP members continue to be insured for up to two years if on an approved leave of absence without pay for personal illness. DCRP members continue to be insured for up to one year to fulfill a residency requirement for an advanced degree or if on an official leave due to maternity.

For other types of leave without pay, members on a leave of absence continue to be insured for up to 93 days (including child care).

During this 93-day period, a member may convert existing group life insurance coverage into an individual whole life policy, without medical examination. For more information, see the *Conversion of Group Life Insurance* Fact Sheet.

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

ALTERNATE BENEFITS PROGRAM (ABP)

Salary and Service Credit

If an ABP member is on a leave of absence on intermittent days or for a partial month but earns more than 50 percent of his or her regular base salary, the full five percent employee deduction and the eight percent employer share will continue to be contributed as though he or she received full base salary.

If an ABP member receives less than 50 percent of his or her base salary, no employee or employer contributions are made and no service credit is earned for that month. Since there are no provisions for purchasing service credit in the ABP, this period of service cannot be reclaimed.

Group Life Insurance

While employed, most ABP members are covered by employer-paid life insurance. ABP members continue to be insured for up to two years if on an approved leave of absence without pay for personal illness.

ABP members on other types of leave of absence without pay continue to be insured for up to 93 days when such leave is due to any reason other than illness (including child care).

During this 93-day period, a member may convert existing group life insurance coverage into an individual whole life policy, without medical examination. For more information, see the *Conversion of Group Life Insurance* Fact Sheet.

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

LEAVE OF ABSENCE AND HEALTH BENEFITS

Members of the PERS, TPAF, PFRS, SPRS, JRS, DCRP, or ABP may continue coverage in the State Health Benefits Program (SHBP) or School Employees' Health Benefits Program (SEHBP) while on an approved leave of absence provided that:

1. The member is eligible for, and enrolled in, SHBP or SEHBP coverage prior to the leave of absence; and
2. The employer participates in the SHBP or SEHBP.

If the member is on an intermittent or a continuous leave of absence with pay, there will be no impact on the member's SHBP or SEHBP coverage as long as the member earns sufficient salary to make any normally required health benefits premium payments during each month/pay period.

If the member is on an approved leave of absence without pay, the continuation of health benefits is as follows:

- **Leave of absence for illness** — If the member is a State biweekly employee, SHBP coverage will continue for the first six pay periods following the last day the employee would normally be covered. During this time, the member is responsible for paying any normally required premium payments. Coverage may continue for an additional 20 pay periods provided the employee pays the full cost of the coverage.

If the member is a State monthly employee, the employer may pay for SHBP coverage for the first three months following the last day the employee would normally be covered. During this time, the member is responsible for paying any normally required premium payments. Coverage may continue for an additional nine months provided the employee pays the full cost of the coverage. If an employer does not extend coverage for the initial three-month period, the employee may only elect to continue coverage for a maximum of nine months.

If the member is an employee of a local government or local education employer that participates in the SHBP or SEHBP, the employer may pay for SHBP or SEHBP coverage for the first three months following the last day the employee would normally be covered. During this time the member is responsible for paying any normally required premium payments. Coverage may continue for an additional nine months provided the employee pays the full cost of the coverage. If an employer does not extend coverage for the initial three-month period, the employee may only elect to continue coverage for a maximum of nine months. The employer may not discriminate against any eligible employee or groups of employees.

Note: Certain local education employers may adopt the provisions of P.L. 1989, c. 127 (Chapter 127), which permits the employer to continue to pay for the coverage of an employee granted an approved leave of absence (with or without pay) for up to a two-year period, provided that the employee has worked for the location for at least three years.

- **Leave of absence other than illness** — A member who is on an approved leave of absence for reasons other than illness, family leave, or furlough, may continue health coverage under the SHBP or SEHBP for up to nine months or 20 biweekly pay periods. The full cost of the coverage must be paid to the employer in advance. If the employee remains on a leave beyond the time of the coverage that has been purchased, Active Group coverage will terminate; however, coverage may be extended under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for a period not to exceed 18 months, including the total leave time. Leave that qualifies under the Federal or State Family Leave Act is not deducted from the total COBRA eligibility period.

Because the member may pay some or all of the cost of continued health benefits coverage while on a leave of absence, a member may choose to reduce his or her level of coverage for the duration of the leave and increase it again upon return from the leave. For example, a member can reduce Family coverage to either Parent and Child or Single coverage. Please note that it is necessary to complete a *Health Benefits Enrollment and/or Change Form* to decrease the coverage and also to reinstate it when the member returns to work.

- **Family Leave under the provisions of the federal Family and Medical Leave Act (FMLA) and the New Jersey Family Leave Act (NJFLA)** — State and local employees enrolled in the SHBP or SEHBP are entitled to have their health benefits coverage continued at the expense of their employer while they are on federal and/or State family leave; however, the member is responsible for paying any normally required premium payment or health benefits contribution to the employer in advance of the leave.

LEAVE FOR MILITARY SERVICE

Leave of absence when taken for military service is covered under the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), which 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. The time in military service is to count, for vesting and retirement eligibility purposes, as though the employee had not left. However, the member will, at a minimum, have to make the pension contributions normally required to have the military service time included in the calculation of the retirement benefit.

When an employee returns from uniformed military service to public employment covered by a State-administered retirement system (PERS, TPAF, PFRS, SPRS, JRS) within the time frames specified under USERRA, 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 annotate the employee's pension account to reflect the USERRA credit for benefits eligibility and will provide the employee with a quotation for the cost for purchasing the pension service credit so that it counts toward the calculation of benefits. For more information, see the *USERRA — Military Service After Enrollment* Fact Sheet.

WORKERS' COMPENSATION

Workers' Compensation is designed to compensate employees who suffer work-related injuries or illnesses. If a member is on an unpaid leave of absence due to a Workers' Compensation claim, the member should have his/her employer forward pension contributions on the employee's behalf to the NJDPB. If necessary, the member may submit a written request directly to the Audit Section of the NJDPB to determine if the member's employer may be responsible for remitting normal pension contributions. A member that is receiving Workers' Compensation is not entitled to purchase service credit for that same covered period. See the *Workers' Compensation* Fact Sheet for additional information.

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