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**State of New Jersey
Teachers'
Pension
and
Annuity Fund**



September 2011

**Department of the Treasury
Division of Pensions and Benefits**

FOREWORD

The New Jersey *Teachers' Pension and Annuity Fund (TPAF) Member Handbook* provides a summary description of the benefits of the plan and outlines the rules and regulations governing the plan. The *TPAF Member Handbook* should provide you with all the information you need about your TPAF benefits. It is as accurate as we could make it; 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 handbook, containing current updates, is available for viewing over the Internet at:

www.state.nj.us/treasury/pensions/epbam/exhibits/handbook/tpafbook.pdf

If you are unsure of or have questions about any aspect of your TPAF benefits, you should ask your employer representative or a counselor at the Division of Pensions and Benefits about them.

Since this is your handbook, we would appreciate any comments or suggestions for improvement that you might have. Please send them to the address listed below. An evaluation form is available for your use on page 47.

Division of Pensions and Benefits
ATTN: Publications Unit
P.O. Box 295
Trenton, NJ 08625-0295

State of New Jersey
Teachers' Pension
and Annuity Fund

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CONTACTING THE DIVISION OF PENSIONS AND BENEFITS

Member Benefits Online System

The Member Benefits Online System (MBOS) allows registered TPAF members access to their pension and, if applicable, health benefits account information online. Resources available through MBOS include: member account information; beneficiary designation, online pension loan, purchase of service, and retirement applications; and (if applicable) SACT plan, and health benefits account information.

Retirees may also use MBOS to view retirement account information, update an address, change direct deposit information, or update federal and/or New Jersey State income tax withholding.

Before you can begin using MBOS, you must be registered with MBOS and the *MyNewJersey* Web site. Registration is free and can be started at: www.state.nj.us/treasury/pensions/mbosregister.shtml

Please be sure to read and carefully follow the registration instructions, as the process requires several steps.

If, after following the MBOS registration instructions, you need assistance registering for MBOS, call the MBOS Help Desk at (609) 777-0534 or send an e-mail with the subject line "MBOS E-mail" to: pensions.nj@treas.state.nj.us

Telephone Numbers

- For computerized information about your individual pension account 24 hours a day, seven days a week, call our Automated Information System at (609) 292-7524. With Interactive Voice Response and added services – including the loan application – all you need is your Social Security number and a touch-tone phone to hear personalized benefits information on loans, purchases, retirement benefits, and withdrawal.
- To speak with a counselor about your Teachers' Pension and Annuity Fund account or health benefits account, call (609) 292-7524 weekdays between 7:30 a.m. and 4:30 p.m. (except State holidays). If you are hearing impaired, call the TDD at (609) 292-7718.

- To speak with a plan representative about the Supplemental Annuity Collective Trust (SACT), call (609) 633-2031 weekdays between 8:15 a.m. and 4:30 p.m. (except State holidays). SACT representatives will answer your questions about the SACT and provide enrollment and distribution forms.

Internet and E-Mail

General information and most publications of the Division of Pensions and Benefits can be found on the Internet at: www.state.nj.us/treasury/pensions

You can e-mail the Division at:
pensions.nj@treas.state.nj.us

Mailing Address

On all correspondence, be sure to include your membership number or Social Security number.

Division of Pensions and Benefits
PO Box 295
Trenton, NJ 08625-0295

Counseling Services

The Division of Pensions and Benefits offers individual counseling services to members of the retirement systems and other benefit programs. **Counselors are available by appointment** Monday through Friday from 7:40 a.m. to 3:30 p.m. Appointments can be made online at:

www.state.nj.us/treasury/pensions

The office is located at:

One State Street Square
50 West State Street, 1st Floor
Trenton, NJ

Directions to the office appear on the next page.

DIRECTIONS TO THE DIVISION OF PENSIONS AND BENEFITS

The Division of Pensions and Benefits is located at 50 West State Street (One State Street Square) which is a half-block east of the State House. The directions below will take you to the offices of the Division of Pensions and Benefits. Visitors must use the front entrance of the building (on West State Street). Check in with the guard in the main lobby where you will be directed to the Office of Client Services.

Parking: Metered, on-street parking is available in the blocks surrounding our building. Pay parking lots and parking ramps are also available throughout downtown

From Northeast New Jersey via the NJ Turnpike

Take the NJ Turnpike South to Exit 7A. Follow I-195 West until it ends, then follow signs for Route 29. After passing through a tunnel and two traffic lights, take the Calhoun Street exit. At the first traffic light, turn right onto West State Street. Pass the State House and proceed through the next traffic light. Our offices will be on the left at 50 West State Street (One State Street Square).

From Northeast New Jersey via Route 1

Take Route 1 South toward Trenton. Just north of Trenton Route 1 splits into two roads. Stay to the left (do not use Route 1 Alternate). From Route 1 take the Perry Street exit. At the end of the exit ramp, turn left onto Perry Street. At the fourth traffic light after turning onto Perry Street turn left onto Warren Street. At the second light, turn right onto West State Street. Our offices are located on the right, just before the next traffic light, at 50 West State Street (One State Street Square)

From Northwest New Jersey

Take Route 31 South to I-95 South to Exit 1 (Route 29). Follow Route 29 South for five miles to the Calhoun Street exit. At the first traffic light, turn right onto West State Street. Pass the State House and proceed through the next traffic light. Our offices will be on the left at 50 West State Street (One State Street Square).

From Southern New Jersey

If using the Turnpike, take exit 7A and follow the directions from Northeast New Jersey via the NJ Turnpike.

If using I-295 North, take exit 60 to Route 29 and follow the directions for using Route 206 North (below) beginning with Route 29.

If using Route 206 North, about four miles before reaching center-city Trenton take the I-295 exit but, once on the interstate highway, follow the signs for Route 29, not I-295. After passing through a tunnel and two traffic lights, take the Calhoun Street exit. At the first traffic light, turn right onto West State Street. Pass the State House and proceed through the next traffic light. Our offices will be on the left at 50 West State Street (One State Street Square).

From the New Jersey Shore

Take I-195 West, then follow the directions from Northeast New Jersey via the NJ Turnpike.

PLAN INFORMATION

Name of Plan

The Teachers' Pension and Annuity Fund of New Jersey.

Administration

The Teachers' Pension and Annuity Fund is a defined benefit plan administered by the

New Jersey Division of Pensions and Benefits

PO Box 295

Trenton, New Jersey 08625-0295

(609) 292-7524

Provisions of Law

The Teachers' Pension and Annuity Fund was established by New Jersey Statutes and can be found in the New Jersey Statutes Annotated, Title 18A, Chapter 66. 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 3 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 Teachers' Pension and Annuity Fund 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 Teachers' Pension and Annuity Fund are subject to changes by the legislature, courts, and other officials. While this booklet outlines the benefit and contribution schedules of the Teachers' Pension and Annuity Fund, 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.

TEACHERS' PENSION AND ANNUITY FUND (TPAF) as of September 2011

THE RETIREMENT SYSTEM

The State of New Jersey established the Teachers' Pension and Annuity Fund (TPAF) in 1919 and completely reorganized it in 1955. The Division of Pensions and Benefits is assigned all administrative functions of the retirement system except for investment.

The TPAF Board of Trustees has the responsibility for the proper operation of the retirement system. The Board consists of three active or retired members of the TPAF, one individual appointed by the other trustees, the State Treasurer, and two individuals appointed by the Governor with the advice and consent of the Senate. The Board meets once a month. An active or retired member of the TPAF who wishes to be a candidate for the TPAF Board of Trustees must be elected at the annual convention. For more information about the Board or procedures on how to become a Trustee, contact the *Secretary of the TPAF Board of Trustees, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295*.

The purpose of this handbook is to provide you with information about the retirement system to assist you in making decisions concerning your future and your family's future. If you have questions concerning your retirement system benefits, please see page iv for information on contacting the Division of Pensions and Benefits.

This handbook is available for viewing on the Division of Pensions and Benefits Web site: www.state.nj.us/treasury/pensions While at the Division's home page, be sure to check for TPAF related forms, fact sheets, and news of any new developments affecting the TPAF.

MEMBERSHIP

Eligibility rules and regulations are described in general terms in this handbook and may not cover all situations. If you have been a member 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 Division of Pensions and Benefits for additional information.

TPAF Membership Tiers

Pension legislation has changed the enrollment and retirement criteria for TPAF members enrolled as of certain dates. These differences in TPAF membership — referred to as “**membership tiers**” — are defined as follows:

- **Membership Tier 1** — Members who were enrolled prior to July 1, 2007.
- **Membership Tier 2** — Members who were eligible to enroll *on or after* July 1, 2007 and *prior to* November 2, 2008 — pursuant to the provisions of Chapter 103, P.L. 2007.
- **Membership Tier 3** — Members eligible to enroll *on or after* November 2, 2008 and *on or before* May 21, 2010 — pursuant to the provisions of Chapter 89, P.L. 2008.
- **Membership Tier 4** — Members eligible to enroll *after* May 21, 2010 — pursuant to the provisions of Chapters 1 and 3, P.L. 2010.
- **Membership Tier 5** — Members eligible to enroll *on or after* June 28, 2011 — pursuant to the provisions of Chapter 78, P.L. 2011.

Unless otherwise indicated by membership tier, the benefits listed in this handbook are the same for all TPAF members.

Eligibility Criteria

Employees appointed to positions requiring certification by the New Jersey Department of Education as members of the regular teaching or professional staff of a public school system in New Jersey are required to enroll in the TPAF as a condition of employment.

Employees of the Department of Education holding unclassified, professional, certificated titles are also eligible for membership in the TPAF.

To qualify for TPAF enrollment, an employee must also earn the minimum annual salary, or work the minimum hours per week, required for enrollment:

- If you are eligible for **Tier 1** or **Tier 2** membership, the annual salary requirement is \$500 or more;
- If you are eligible for **Tier 3** membership, the annual salary requirement is \$7,800 or more (see “Note” on page 2).

- If you are eligible for **Tier 4** or **Tier 5** membership you must work at least the minimum number of hours per week required for enrollment (32 hours per week for State education or local education employees).

Note: Employees who qualify for **Tier 4** or **Tier 5** enrollment in all respects except for minimum number of hours, or for **Tier 3** enrollment in all respects except for minimum salary, may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP). See page 15 for more information about the DCRP. The minimum annual salary required for Tier 3 enrollment in of the TPAF is \$7,800 for calendar year 2012, (\$7,700 for calendar years 2010 and 2011; \$7,500 for 2008 and 2009). Under the provisions Chapter 89, P.L. 2008, this amount is subject to adjustment in future years.

Factors for Ineligibility

You **cannot** join the TPAF if:

- You are otherwise eligible for **Tier 1** or **Tier 2** membership but earn *less than* \$500 annually.
- You are otherwise eligible for **Tier 3** membership but earn *less than* \$7,800 annually (subject to adjustment, see “Note” above).
- You are otherwise eligible for **Tier 4** or **Tier 5** membership but work *less than* the required minimum hours per week (32 hours per week for State education or local education employees).

See page 1 for a definition of membership tiers.

Note: See “IRS Provisions” on page 32 about federal tax implications if retired and returning to public employment.

- You are a temporary* or substitute* employee;
- You are replacing an individual on a leave of absence;
- You are retired and receiving a monthly retirement allowance from *another* public retirement system in New Jersey;

*Temporary or substitute employees may be eligible for enrollment in the Public Employees' Retirement System.

- You received a lump-sum retirement distribution from the Alternate Benefit Program (ABP) or Defined Contribution Retirement Program (DCRP); or
- You are a TPAF *disability* retiree who has been approved to return to TPAF covered employment but earn *less than* the minimum annual salary for enrollment under your original TPAF membership tier (see “Disability Retirees Restored to Active Service” on page 34).

If you are in doubt about the eligibility of a position, write to the Division of Pensions and Benefits for an administrative determination.

ENROLLMENT

Enrollment/Certification of Payroll Deductions

Your employer must complete an *Enrollment Application* to enroll you in the retirement system.

- The online *TPAF Enrollment Application* is available to your employer through the Employer Pensions and Benefits Information Connection (EPIC). Online enrollments are processed immediately by the Division of Pensions and Benefits. You and the employer receive a confirmation that includes your TPAF membership number. More information about using EPIC is available at:
www.state.nj.us/treasury/pensions
- In certain circumstances, an employer may be required to submit a paper *Enrollment Application*. In these cases, the completed application is mailed to the Division of Pensions and Benefits for processing. Please allow four to six weeks for processing of a mailed application.

When enrollment processing is complete, you and your employer will receive a *Certification of Payroll Deductions* showing the date deductions will begin, your rate of contribution, and any back deductions due.

You may wish to keep the *Certification of Payroll Deductions* on file with your other important papers so that you have a record of your enrollment in the retirement system.

Proof of Age

All members of the TPAF must provide documentation that proves their age. If possible, you should provide your proof of age to the Division of Pensions and

Benefits when you enroll; however, do not delay your enrollment application if proof of age is not readily available. Proof of age will be required to be eligible to retire.

Acceptable evidence of your age includes a photo-copy of:

- Your birth certificate;
- Your passport;
- Naturalization or immigration papers;
- Certain other records including baptismal records or school records, or
- An affidavit from an older family member.

Designating a Beneficiary

When the *Enrollment Application* is submitted, the new member should also submit a *Designation of Beneficiary* to the Division of Pensions and Benefits.

- **Members can register for the Member Benefits Online System (MBOS) and complete the *Designation of Beneficiary* online.** Your TPAF membership number is required and is included in the confirmation of your online enrollment. Information on using MBOS can be found in the *MBOS Users' Guide*, available on MBOS and on the Division's Web site at: www.state.nj.us/treasury/pensions

See page iv for more information about registering for MBOS.

- Members may also mail a *Designation of Beneficiary* form to the Division of Pensions and Benefits. The form is available under "Forms and Publications" on the Division's Web site at: www.state.nj.us/treasury/pensions

Note: The new member's estate is the beneficiary on record until the Division of Pensions and Benefits receives a properly completed designation.

For your protection, beneficiary designations cannot be accepted or confirmed over the telephone or by e-mail. Active employees can verify beneficiary designations on MBOS. Otherwise, the Division will only accept a written request from the member.

Public Information and Restrictions

Most of the information maintained by the retirement system, including member salary and/or pension benefit information, is considered a public record

under N.J.S.A. 47:1A-1 et seq., the Open Public Records Act. However, certain personal information, such as a member's address, telephone number, Social Security number, pension membership numbers, beneficiary information, and medical information is restricted from public access.

Further restrictions to "personal health information" exist under the privacy provisions of the federal Health Insurance Portability and Accountability Act (HIPAA). Members may be required to provide specific written authorization for the release of medical information to a third party who is not a doctor, hospital, or business partner of the Division or the health benefit programs. Information about HIPAA is available on the health benefits programs' Web site: www.state.nj.us/treasury/pensions/health-benefits.shtml

The Division has implemented additional protection for members in accordance with the New Jersey Identity Theft Prevention Act, N.J.S.A. 56:11-28 et seq. "Security Freeze" procedures are available to restrict access to the accounts of members who are, or have a serious risk of becoming, victims of identity theft. Additional information is available in Fact Sheet #72, *Identity Theft and Your Benefits*.

Member Contribution Rate

Chapter 78, P.L. 2011, the Pension Health Benefit Reform Law, increased the TPAF member contribution rate.

The TPAF contribution rate increased to **6.5%** of base salary effective with the first payroll to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to **7.5%** of base salary as of July 1, 2018.

The increase in the TPAF contribution rate also increases the minimum repayment amount for pension loans or for the cost of a purchase of service credit if the repayment is certified after the date of the rate change.

Prior to the enactment of Chapter 78, P.L. 2011, the member contribution rate for members of the TPAF was 5.5% of base salary.

Pensionable Salary — Your contribution rate is applied to your base salary to determine your pension deductions. Base salary does not include overtime, bonuses, or large increases in compensation paid primarily in anticipation of retirement. Nor does it include additional salary for performing temporary or extracurricular duties beyond the regular school

day or the regular school year. Your pension contributions are deducted from your salary each payday and reported to the TPAF by your employer.

- The TPAF contribution rate for **Tier 1** members is applied to the full pensionable salary (up to the “federal pensionable maximum” described below).
- The TPAF contribution rate for **Tier 2, Tier 3, and Tier 4**, and **Tier 5** members is applied to the pensionable salary up to a compensation limit based on the annual maximum wage for Social Security deductions (\$106,800 for 2011 and \$110,100 for 2012). **Tier 2, Tier 3, Tier 4** and **Tier 5** members who earn in excess of the annual compensation limit will be enrolled in the Defined Contribution Retirement Program (DCRP) in addition to the TPAF. A contribution of 5.5% of the salary in excess of the limit (plus 3% from the employer) will be forwarded to a DCRP account (see page 15).

Federal Pensionable Maximum — Since the TPAF is a “qualified” pension plan under the provisions of the Internal Revenue Code, Section 401(a)(17), the current federal ceiling on pensionable compensation (\$245,000 for 2011 and \$250,000 for 2012) applies to the base salaries of TPAF members.

Tax Deferral — Since January 1987, all mandatory pension contributions to the TPAF have been federally tax deferred. Under the 414(h) provisions of the Internal Revenue Code this reduces your gross wages subject to federal income tax. Purchases of service credit are voluntary pension contributions and are not tax deferred unless funded by a rollover from another tax-deferred plan (see “Rollover for Purchase Payment” on page 11).

MULTIPLE & DUAL MEMBERSHIP

Multiple Membership

You are considered a **multiple member** if you are employed and reported to the retirement system by *more than one* TPAF participating employer at the same time.

Note: If *terminating* TPAF employment, to accept employment at a new TPAF employer, see “Transfers” on page 5.

Tier 1, Tier 2, and Tier 3 Members — Under the provisions of Chapter 1, P.L. 2010, multiple membership is only available to **Tier 1, Tier 2, and Tier 3** members; only for TPAF eligible positions when enrolled *on or before* May 21, 2010; **and** provided that there has not been a “break in service” in any concurrently held TPAF eligible position.

- A **break in service** is any pension reporting period without pay — a month or a biweekly pay period as appropriate to the employer’s reporting method — with the exception of approved leaves of absence, lay-off, abolishment of position, military leave, Workers’ Compensation, litigation, or suspension.

If there is a break in service with any concurrently held TPAF eligible position *after* May 21, 2010, that employer will no longer be permitted to submit pension contributions for a multiple member. Furthermore, service credit or salary from any future employment with that employer will not qualify for the compensation base for pension contributions and calculation of retirement for the TPAF multiple member.

Once you have established multiple membership, you cannot withdraw or begin to collect retirement benefits until you have retired or terminated employment from every position covered by the TPAF.

Tier 4 and Tier 5 Members — Chapter 1, P.L. 2010, eliminated multiple membership and requires that TPAF member enrolled *after* May 21, 2010, be eligible for **Tier 4** or **Tier 5** membership based upon **only one position**.

The retirement system will designate the position providing the higher or highest compensation for the member from among any concurrently held eligible positions. This designated position will be used as the basis for eligibility for membership, service credit, the compensation base for pension contributions, and for other pension calculations.

If a **Tier 4** or **Tier 5** member leaves a designated position or acquires a different position – or an additional position with higher compensation — the member will receive a new designation by the retirement system, if it is deemed appropriate.

For All Tiers — any new, concurrently held TPAF eligible position begun *after* May 21, 2010, will not qualify for service credit or the compensation base for pension contributions and calculation of retirement for any TPAF member.

Dual Membership

You are considered a **dual member** if you are a member of more than one New Jersey State-administered retirement system at the same time.

EXAMPLE: *If you are a teacher enrolled in the TPAF and an adjunct faculty member at a county college enrolled in the Defined Contribution Retirement Program (DCRP), you are a dual member.*

When establishing dual membership, *Enrollment Applications* are filed by each employer with the different retirement systems.

Unlike a multiple member, a dual member's contributions and service credit are kept separate.

Benefits for a dual member are paid separately from each retirement system in the event of retirement, death, or withdrawal.

A dual member may also retire from one retirement system and remain an active contributing member of the second retirement system.

TRANSFERS

Intrafund Transfer

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

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

- You have not withdrawn your membership (see "Withdrawal from the Retirement System" on page 41); and
- It has not been more than two consecutive years since your last pension contribution; and
- You meet the eligibility requirements of your TPAF membership tier with the new TPAF employer.

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

- **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 TPAF membership. The new employer should file a *TPAF Enrollment Application* with the Division of

Pensions and Benefits. You will be enrolled in a new TPAF account under the membership tier in effect at the time you return to TPAF employment.

If you are vested in your prior, inactive TPAF account (see "Vesting" on page 6), 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*. **It is important to note** that by completing a Tier-to-Tier Transfer **you waive all rights** to retirement benefits as provided under the original, inactive membership tier.

If you are not vested in your prior, inactive TPAF account, you may withdraw your contributions. (see "Withdrawal from the Retirement System" on page 41).

- **If you have withdrawn your prior TPAF account**, whether you have a break in service of more than two consecutive years or not, the new employer should file a *TPAF Enrollment Application* with the Division of Pensions and Benefits and you will be enrolled in a new TPAF account under the membership tier in effect at the time you return to TPAF membership. The service credit under the prior, inactive membership may then be eligible for purchase as Former Membership.

Note: If you are continuing employment with your first TPAF employer and adding employment with a second (or subsequent) TPAF employer, see the limitations on "Multiple Membership" on page 4.

Interfund Transfer

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

If you terminate your current TPAF 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:

- You have not withdrawn your membership (see "Withdrawal from the Retirement System" on page 41); and
- It has not been more than two consecutive years since your last pension contribution; and

- You are not a dual member with more than three years of concurrent service in the Public Employees' Retirement System* or with *any* concurrent service in any other retirement system (see the definition of a "dual member" on page 4); and
- You meet the eligibility requirements of the new retirement system; and
- You apply for the Interfund Transfer within 30 days of the date you meet the eligibility requirements of the new retirement system.

Note: A TPAF member who meets the criteria listed above and transfers to a position covered by the Public Employees' Retirement System (PERS) is eligible to maintain their original TPAF membership tier status under the PERS 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 TPAF, will be enrolled in the TPAF membership tier that corresponds to the *original date of enrollment* in the prior retirement system.

If you are eligible and interested in transferring your membership account, an *Enrollment Application* for the new retirement system **and** an *Application for Interfund Transfer* should be submitted by your employer to the Division of Pensions and Benefits. Applications must be received within 30 days of the date you meet the eligibility requirements of the new retirement system.

If there has been a break in service of more than two consecutive years since your last pension contribution — or if you have withdrawn your account — you cannot transfer your prior TPAF contributions and service credit to the new retirement system. You will be enrolled in a new account with the new retirement system. Your new employer should file an *Enrollment Application* for the new retirement system with the Division of Pensions and Benefits.

*A TPAF member with three years or less of concurrent service in a Public Employees' Retirement System account may, under certain conditions, transfer all service credit from one fund to the other, less any concurrent service credit.

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

SERVICE CREDIT

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. You receive one month of service credit for each month you make a full pension contribution.

- Employees whose employers report service and contributions biweekly will receive one pay period of service credit for each pay period a full pension contribution is made.
- Employees paid on a ten-month contract from 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.

VESTING

You are vested in the TPAF after you have attained 10 years of service credit.

Being vested in the TPAF means that you are guaranteed the right to receive a retirement benefit. For **Tier 1** and **Tier 2** members this is when you reach age 60. For **Tier 3** and **Tier 4** members this is when you reach age 62. For **Tier 5** members this is when you reach age 65.

- If you are vested and terminate your employment, you must file a retirement application prior to receipt of any benefits for which you may qualify (see page 16 for the types of retirement including Deferred Retirement) or you may voluntarily withdraw from the retirement system (see page 41).
- If you are vested, terminate your employment without retiring or withdrawing, and return to 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 TPAF Tier 1 member with 15 years of service terminates employment at age 45 and accepts another TPAF eligible position six months later. In this case, the member can resume making contributions to the existing TPAF account and would retain their Tier 1 membership status.

- If you are vested, terminate your employment without retiring or withdrawing, and return to 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 TPAF account.

EXAMPLE: A TPAF Tier 1 member with 15 years of service terminates employment at age 45 and accepts another TPAF eligible position three years later. In this case, it has been over two consecutive years since the last TPAF contribution, and the member would be required to enroll under a new TPAF account as a Tier 5 member (see “Exceptions” on page 42 if laid off or terminated through no fault of your own).

- If you are not vested and you terminate employment before retiring, your options vary depending on the nature of your termination and/or your age at the time of your termination (see “Terminating Employment” on page 42).

CREDIT FOR MILITARY SERVICE AFTER ENROLLMENT

The federal Uniformed Services Employment and Reemployment 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. 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 TPAF covered employment within the time frames specified under USERRA, the employer should notify the Division of Pensions and Benefits no later than 30 days after the employee’s return by submitting a *Request for USERRA-Eligible Service*

form. Once notified, the Division 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 additional information see Fact Sheet #36, *Military Service after Enrollment and USERRA*.

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 help you to purchase additional service credit if you are eligible to do so.

Only active members of the retirement systems are permitted to purchase service credit. An active member is one who has not retired or withdrawn, and who has made a contribution to the retirement system within two consecutive years of the purchase request.

In no case can you receive more than one year of service credit for any calendar or fiscal year. A **dual member** (see page 4) cannot purchase concurrent service from any other retirement system.

TYPES OF SERVICE ELIGIBLE FOR PURCHASE

If a type of service is not listed, it is not eligible for purchase.

Temporary Service

Members may be eligible to purchase service credit for temporary, provisional, or full-time substitute employment provided the employment was continuous and immediately preceded a permanent or regular appointment in a position covered by the TPAF.

Members are allowed to purchase temporary service rendered under a former membership in a New Jersey State-administered retirement system (PERS, TPAF, PFRS, SPRS).

Leave of Absence without Pay

Members may be eligible to purchase service credit for official leaves of absence without pay. The amount of time eligible for purchase depends on the “type of leave” that was taken.

- 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.
- Maternity leave is considered personal illness.*
- Child care leave is eligible for purchase as a leave for personal reasons.

A leave of absence without pay under a former membership in a New Jersey State-administered retirement system may be eligible for purchase.

If a member who is employed 10 months per year goes on an approved unpaid leave for personal reasons for the months of May, June, and/or September, the member will be allowed to purchase credit for the months of July and August as part of the leave of absence — up to a maximum of five months.

Note: Leave of absence for union representation may also be available for purchase. This type of leave must be purchased quarterly and within 30 days of the end of each fiscal quarter. See the *Application to Purchase Service Credit for Union Representation* for additional information and instructions.

Former Membership Service

Members may be eligible to purchase all service credited under a previous membership in a New Jersey State-administered retirement system (TPAF, PERS, PFRS, SPRS) which has been terminated after two continuous years of inactivity in accordance with statute; or following the withdrawal of the contributions made under such membership by the member.

Out-of-State Service

Members may be eligible to purchase up to 10 years of service credit for public employment rendered with any state, county, municipality, school district, or public agency outside the State of New Jersey, provided the service rendered would have been eligible for membership in a New Jersey administered retirement system had the service been rendered as a public employee in this state. This service is only eligible for purchase if the member is not receiving nor eligible to receive retirement benefits from the out-of-state public retirement system.

*A certification from a physician that a member was disabled due to pregnancy and a resulting disability for the period in excess of three months is required.

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

U.S. Government Service

Members may be eligible to purchase to purchase up to 10 years of service credit for civilian service rendered with the U.S. government if the public employment would have been eligible for credit in a New Jersey State-administered retirement system had the service been rendered as a public employee in this state. This service is only eligible for purchase if the member is not receiving nor eligible to receive retirement benefits from the federal government based in whole or in part on this service.

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 nor 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, while in the active military service, 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 or annual summer training of a national guard or reserve unit **or** time spent as a cadet or midshipman at one of the military academies.

Active military service that has been combined with reserve component service to qualify for a military pension as a reserve component member may be eligible for purchase.

If you qualify as a veteran, you may be eligible to purchase an additional five years of military service (see "Important Purchase Notes" on page 9).

Military Service after Enrollment

Under the requirements of the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), members may receive credit for military service rendered after October 13, 1994 (see page 7). However, USERRA eligible service will only be used to determine *eligibility* for benefits. The *calculation* of retirement benefits will not use the USERRA eligible service unless the employee pays the required pension contributions for the period of military service.

Note: There is a time sensitive element to this purchase (see page 7 and Fact Sheet #36, *Military Service after Enrollment and USERRA*).

Uncredited Service

Members may be eligible to purchase any regular employment with a public employer in New Jersey for which the member did not receive service credit but which would have required compulsory membership in the retirement system at the time it was rendered.

Local Retirement System Service

Members may be eligible to purchase service credit established within a local retirement system in New Jersey if they were ineligible to transfer that service to the TPAF upon withdrawal from the local retirement system. This service is only eligible for purchase if the member is not receiving nor eligible to receive retirement benefits from that public retirement system.

IMPORTANT PURCHASE NOTES

- If you qualify as a non-veteran, you are eligible to purchase an aggregate of 10 years of service credit for work outside New Jersey (Out-of-State, Military, and U.S. Government Service).
- Out-of-State Service or U.S. Government Service, or service with a bi-state or multi-state agency, requested for purchase after November 1, 2008, cannot be used to qualify for any State-paid or employer-paid health benefits in retirement.
- If you qualify as a military veteran (see "Definition of a Veteran" on page 17), you may be eligible to purchase an additional five years of military service rendered during periods of war for an aggregate of 15 years of service outside New Jersey (Out-of-State, Military, and U.S. Government Service).

- To qualify for an Ordinary Disability Retirement, members need 10 years of New Jersey service; therefore, the purchase of U.S. Government, Out-of-State, or Military Service cannot be used to qualify for this type of retirement.
- Purchases of service credit are voluntary pension contributions and are not tax deferred unless funded by a rollover from another tax-deferred plan (see "Rollover for Purchase Payment" on page 11).

COST AND PROCEDURES FOR PURCHASING SERVICE CREDIT

You can receive an *estimate* of the cost of purchasing service credit by calling the Automated Information System at (609) 292-7524 or by using the online Purchase Cost Calculator on the Division of Pensions and Benefits' Web site at:

www.state.nj.us/treasury/pensions

The cost of a purchase is based on four factors:

- A purchase factor based on your nearest age at the time the Division receives your purchase application (see chart on page 10);
- The higher of either your current annual salary or highest fiscal year salary (July - June) posted to your membership account;
- The years and months of service being purchased; and
- The type of service purchased.

The cost of the purchase will generally increase with an increase in your age and/or salary.

The cost of purchasing service is borne by both you and the participating employers with the important exceptions of Military Service, U.S. Government Service, and Local Retirement System Service — where statute specifically provides that the employer shall not be liable for any costs of the purchase. If you purchase U.S. Government Service, Military Service Before Enrollment, or Local Retirement System Service, you, as the member, are responsible for the full cost; therefore, the cost quoted to you for purchasing these types of service will be twice the cost for other types of purchase.

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 purchase, multiply the higher of your current annual salary or highest fiscal year salary times the purchase factor (see chart below) corresponding to your nearest age. The result is the cost of one year of service. Multiply this cost by the appropriate number of years being purchased. This procedure can be used for calculating the cost of

Temporary Service; Former Membership; Leaves of Absence; Uncredited Service; and Out-of-State Service.

To calculate the purchase cost of Military Service Before Enrollment, U.S. Government Service, or Local Retirement System Service, the same procedure is used except the resulting cost is doubled.

Note: The cost of a purchase of Military Service After Enrollment under USERRA (see page 7) is based on the required pension contributions for the period of military service.

EXAMPLE: A member, age 45, earning \$60,000 a year, wishes to purchase 18 months Temporary Service: Purchase Factor (from chart) = 0.048761

$$\text{Purchase Factor} \times \text{Annual Salary} \times \text{Time Being Purchased} = \text{Purchase Cost}$$

$$0.048761 \times \$60,000 \times 1.5 \text{ years} = \$4,388.50$$

If the same member were to purchase 18 months of Military Service, the purchase cost would be \$8,777 (twice the amount of the Temporary Service).

An online Purchase Cost Calculator and additional purchase of service credit resources are available for use on the Division of Pensions and Benefits Web site at: www.state.nj.us/treasury/pensions

Applying to Purchase Service Credit

Before you can purchase service credit, you must submit a purchase request to the Division of Pensions and Benefits.

All purchase requests must be submitted using the *Purchase Application* program of the Member Benefits Online System (MBOS).

MBOS provides registered members with fast, efficient processing of purchase requests. You receive immediate confirmation and a follow-up e-mail that your application has been received.

Information on using MBOS and the *Purchase Application* can be found in the *MBOS Users' Guide*, available on MBOS and on the Division's Web site at: www.state.nj.us/treasury/pensions

See page iv for more information about registering for MBOS.

If, after following the MBOS registration instructions, you still need assistance registering for MBOS, call the MBOS Help Desk at (609) 777-0534 or send an e-mail with the subject line "MBOS E-mail" to: pensions.nj@treas.state.nj.us

<u>Age</u>	<u>Purchase Factor</u>	<u>Age</u>	<u>Purchase Factor</u>
20	0.031379	45	0.048761
21	0.031759	46	0.049932
22	0.032158	47	0.051155
23	0.032578	48	0.052433
24	0.033018	49	0.053768
25	0.033480	50	0.055163
26	0.033964	51	0.056620
27	0.034471	52	0.058144
28	0.035002	53	0.059737
29	0.035558	54	0.061403
30	0.036139	55	0.063145
31	0.036748	56	0.064967
32	0.037384	57	0.066873
33	0.038048	58	0.068868
34	0.038743	59	0.070956
35	0.039469	60	0.073142
36	0.040227	61	0.072021
37	0.041019	62	0.070853
38	0.041847	63	0.069637
39	0.042711	64	0.068380
40	0.043613	65	0.067083
41	0.044555	66	0.065746
42	0.045539	67	0.064376
43	0.046567	68	0.062973
44	0.047640	69	0.061545
		70 and older	0.060100

Exceptions to the MBOS Purchase Application —

While TPAF members are required to process purchase requests through MBOS, members are not able to use the MBOS *Purchase Application* for the following types of purchase:

- Members applying for a purchase **fewer than 30 days before their retirement date or Board of Trustees approval date**. Request a paper *Purchase Application* by e-mailing: pensions.nj@treas.state.nj.us An application will be provided upon verification of the Board or retirement date status. Members without a valid board or retirement date will be instructed to apply using MBOS.
- Members applying for the purchase of **Military Service after Enrollment** under the provisions of USERRA. To purchase this service the employer must submit the *Request for USERRA Eligible Service* form within the time frames required under the law (see page 7).
- Members applying for the purchase of **Leave of Absence for Union Representation**. This type of leave must be purchased quarterly **and** within 30 days of the end of each fiscal quarter. See the *Application to Purchase Service Credit for Union Representation* for additional information and instructions.

Please note that these are the **only** circumstances where paper purchase requests are permitted. Limited access to a computer or a member's reluctance to use MBOS are not considered sufficient circumstances for accepting a paper purchase request for processing. Any paper *Application to Purchase Service Credit* received by mail will not be processed and the member will be mailed instructions on submitting the request through MBOS.

Upon receipt of your MBOS *Purchase Application* — and any required supporting documentation — a quotation of cost will be calculated provided that all purchase eligibility criteria are met. Processing times vary and a request cannot be completed until the Division receives all required verification of eligibility. It is the member's responsibility to obtain certification of employment from a former employer for the purchase of Out-of-State or U.S. Government Service. After the Division of Pensions and Benefits verifies employment, you will receive a *Purchase Quotation Letter* indicating the cost of any service approved for purchase. You must respond to the quotation letter within the specified time period (usually 90 days).

When you agree to purchase a certain amount of service credit, the Division of Pensions and Benefits assumes that you will complete the purchase and credits your account with the entire amount of service, even if you are paying the cost through payroll deductions. Any estimates of retirement allowance you receive, including your *Personal Benefits Statement*, are based on the full amount of credit you agreed to purchase.

You may pay the cost of purchasing service credit:

- In one lump-sum payment;
- By having extra payroll deductions withheld from your pay. The minimum deduction is equal to one-half of your normal rate of contribution to the retirement system over a maximum period of 10 years and includes interest of 8.25%; or
- By paying a single down payment and having the remainder paid through payroll deductions.

If you retire before completing a purchase, you may choose to receive prorated credit for the amount of service you have paid for, or you can pay the balance at the time of retirement to receive full credit.

A member who authorizes a purchase of service credit through payroll deductions may cancel those deductions at any time. No refunds will be made of any lump-sum payments, partial payments, or installment payments. The member will receive prorated service credit for the service purchased to the date installment payments cease. Any subsequent requests to purchase the remaining service credit shall be based on the laws and rules in effect on the date that the subsequent request is received.

If you have an outstanding arrears obligation for the purchase of additional service credit, interest may be assessed if there is a lapse of two years or more in payments toward the purchase.

Rollover for Purchase Payment

Members may pay for all or part of a purchase by transferring or rolling over tax-deferred funds from an eligible or qualified retirement savings plan. The types of plans from which a transfer or rollover can be made are:

- 401 (a) qualified plan (including 401(k) plan) and 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 have been open for two or more years)
 - Simplified Employee Pension Plan (SEP)
 - Conduit IRA
 - Rollover IRA

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

Additional information on requesting a transfer or rollover of tax-deferred funds for the purchase of service credit is included in the purchase cost quotation letter you receive upon the Division's determination of your eligibility to purchase service.

LOANS

If you are an active contributing member of the TPAF, you may be eligible to borrow from your account twice per calendar year. You may borrow up to one-half of your posted pension contributions or a maximum loan balance of \$50,000, whichever is less.

Loans are governed by the following conditions:

- **Service Credit** — You must have three years of pension service credit **posted** to your retirement system account. Pension contributions are posted to your account on a quarterly basis. It normally takes 45 days after the end of a quarter for your contributions to be posted to your account. For example, if you enrolled in the retirement system on January 1, 2009, you would not have three years posted to your account until March 2012.
- **Number of Loans Per Year** — You may borrow twice in any calendar year. This is determined by the date of the check, not the date of the request. For example, if you make a request for a loan on December 24th but the check is dated January 5th, the loan is considered your first for the new year.
- **Loan Amount** — The minimum amount you may borrow is \$50, and loan amounts then increase in increments of \$10.

The maximum you may borrow is one-half of your contributions that are posted to your account, up to a maximum loan balance of \$50,000, whichever is less.

You may learn the amount you may borrow — and see different loan amount and repayment combinations — by using the online *Loan Application* on the Member Benefits Online System (MBOS), or by calling the Automated Information System at (609) 292-7524.

- **Interest Rate** — Interest is charged on the declining balance of the loan at a commercially reasonable rate set annually by the New Jersey State Treasurer. The current interest rate is posted on the Division of Pensions and Benefits Web site at:

www.state.nj.us/treasury/pensions

When you borrow, you will have the same interest rate for the life of your loan unless you borrow again in a different calendar year when the interest rate is different. Every time you borrow, the *entire* outstanding balance is re-certified at the current year's interest rate.

The interest rate is determined using the Prime Rate as of December 1st of the previous year **plus** two percent.

- **Administrative Fee** — An administrative processing fee applies to all pension loans. The administrative processing fee is set annually and is based on the actual costs associated with administering the pension loan program. The current administrative processing fee is posted on the Division of Pensions and Benefits Web site at:

www.state.nj.us/treasury/pensions

- **Loan Repayment** — **Loans must be repaid within five years.** The minimum deduction toward the repayment of a loan is equal to the full pension contribution rate (see page 3). The maximum allowable deduction toward the repayment of your loan is 25% of your base salary.

Provided that the minimum loan repayment amount will repay the loan balance within five years, the repayment amount of a loan will be similar whether you borrow \$500 or \$5,000; however, the repayment of a larger loan will continue for a longer period of time than for a smaller loan.

Loan repayments will increase to more than the minimum deduction if the entire loan balance cannot be paid within the five year requirement (or if you have an outstanding loan and take another loan — see below).

If you have an outstanding loan balance and take another loan, the Internal Revenue Service requires that **the new combined loan balance must be repaid within five years of the date of the first loan**. This means that the repayment amount may be substantially higher to ensure full repayment of the total loan balance within five years of the issuance of the original loan. Furthermore, the requested loan amount may be reduced, or the loan request may be rejected, if the payroll deductions required to repay the loan within this five-year period would exceed the 25% of salary restriction in State law (see "Internal Revenue Service Requirements" on page 14).

You may learn the minimum deduction toward the repayment of a loan by using the online Loan Application on the Member Benefits Online System (MBOS), or by calling the Automated Information System at (609) 777-1777.

- **Canceling a Loan** — If you are not satisfied with a loan amount or the repayment schedule when you receive your loan check, you may cancel the loan by **returning the original, uncashed and unmarked loan check**. When a loan check is returned, the funds are deposited back into your retirement system account and will be available with the next quarterly posting.

Note: By cashing the loan check you are agreeing to the loan amount and the terms and conditions of the repayment schedule.

- **Timely Repayment Is Required** — The Internal Revenue Service requires members to make timely payments toward outstanding loan balances. While your employer will withhold and submit loan deductions from your salary, if you are out of work without pay, a failure to repay a loan may have significant tax consequences. See the Internal Revenue Service requirements for loan repayment which are detailed later in this section.

Applying for a Loan

All pension loan requests **must** be submitted using either:

- The *Loan Application* available by calling the Automated Information System at (609) 292-7524; or
- The *Loan Application* program of the Member Benefits Online System (MBOS).

Both the Automated Information System and MBOS provide fast, efficient processing of pension loan requests. You receive immediate confirmation that your loan application has been received.

In most cases, a loan application submitted through MBOS before the close of business (4:30 p.m.) on a Friday is processed and mailed on the following Wednesday.

See page iv for more information about registering for MBOS.

Information on using the *Loan Application* on MBOS can be found in the *MBOS Users' Guide*, available on MBOS and on the Division's Web site at:

www.state.nj.us/treasury/pensions

See page iv for more information about registering for MBOS.

If, after following the MBOS registration instructions, you still need assistance registering for MBOS, call the MBOS Help Desk at (609) 777-0534 or send an e-mail with the subject line "MBOS E-mail" to:

pensions.nj@treas.state.nj.us

Exceptions to the MBOS Loan Application — While members are required to process loan requests through MBOS or the Automated Information System, some members may not be able to access the MBOS *Loan Application* for one of the following reasons:

- You are applying for a loan within 6 months of returning from a leave of absence;
- You are applying for a loan within 6 months of transferring to a new employer within the same retirement system, or between different retirement systems; or
- You are a State employee who is paid on a supplemental payroll schedule.

In these cases your employer must complete a *Certified Loan Request Form* to verify your salary and/or certify that you are actively employed.

- If your employer was late in submitting the *Report of Contributions* for the quarterly posting, you may still be able to borrow, however, your employer must complete a *Certified Loan Request Form* to verify your salary, active pay status, and you may only borrow based on the prior quarter's posted pension contributions.
- If you have established a security freeze on your pension account due to identity theft you cannot access MBOS and must contact the Division's Identity Theft Coordinator to request a loan (for more information see Fact Sheet #72, *Identity Theft and Your Benefits*).

Please note that these are the **only** circumstances where paper loan requests are permitted. Limited access to a computer or a member's reluctance to use MBOS or the Automated Information System are not considered sufficient circumstances for accepting a paper loan request for processing. Any paper *Loan Application* received by mail will not be processed and the member will be mailed instructions on submitting the loan request through MBOS or the Automated Information System.

Early Loan Repayment

You may request a repayment figure for your full loan balance any time prior to the end of your regular repayment schedule. Only a lump-sum payoff of your full loan balance is permitted — partial payments are not allowed.

To request a lump-sum payoff, contact the Division's Office of Client Services at (609) 292-7524, or e-mail: pensions.nj@treas.state.nj.us and request a *Loan Payoff Letter*. Be sure to include your name, address, and pension membership number or Social Security number in your request. The *Loan Payoff Letter* will indicate the lump-sum payoff amount, the date by which the payment must be received, and the date on which scheduled loan repayments from payroll will end.

Loans at Retirement, Death, or Termination of Employment

You may apply for a loan regardless of your age. If you retire before repaying the outstanding balance of your loan, your loan payments will be carried into retirement. That is, your retirement allowance will be

reduced by the same monthly amount you were paying towards your loan just prior to retirement. You may also repay your outstanding loan balance in one lump sum prior to retirement.

If you die before repaying your loan (either before or after retirement), the outstanding balance will be deducted from the proceeds of any benefits to be paid to your beneficiaries.

If you terminate employment and withdraw your contributions before repaying your loan, all your contributions *less* the loan balance will be returned to you (see "Internal Revenue Service Requirements" below).

Internal Revenue Service (IRS) Requirements

Internal Revenue Code Section 72(p) requires that loan balances cannot exceed \$50,000 and must be repaid within five years. Furthermore, if you take a subsequent loan (or loans) and your original loan balance is not completely paid off, the repayment period will remain **five years from the date of the first loan**. The repayment rules on subsequent loans may result in either a substantial increase in your repayment amount — or may even limit the amount that you can borrow if the payroll deductions to repay the loan exceeds the 25% of base salary restriction on loan repayments.

The IRS regulations also require members to make timely payments toward outstanding loan balances. While it is your employer's responsibility to withhold loan deductions from your salary, if you are out of work without pay, your employer has no salary from which to take deductions. Members who leave payroll with an outstanding loan balance will be notified after six months of nonpayment and offered the option of paying off the entire loan balance or making loan repayments through a monthly personal billing.

Failure to repay the loan as scheduled (through either lump-sum payment, personal billing, or return to payroll) will result in the unpaid loan balance being declared in default. If a loan is in default, the loan balance is declared a taxable or "deemed distribution" and will be reported to the IRS. For the tax year in which the default occurs, the Division of Pensions and Benefits will send you a *Form 1099-R* for tax filing purposes in January of the following year. You will be required to include the portion of the loan representing before-tax contribution as income on your federal return. In addition, if you are under age 59½, you will be required to pay an additional 10% tax for taking an early pension distribution.

If you default on your loan, it will be your responsibility to make an estimated tax payment to the IRS to cover your tax liability on the deemed distribution; no withholding will be deducted from your account by the Division.

A deemed distribution cannot be canceled by resuming your loan payments or repaying 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 already-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 YOUR PENSION

In addition to your regular pension contributions, there are other opportunities to supplement your retirement income and possibly set aside money on a tax-deferred basis.

Supplemental Annuity Collective Trust (SACT)

The Supplemental Annuity Collective Trust (SACT) is a voluntary investment program that provides retirement income separate from, and in addition to, your basic pension plan. Your contributions are invested conservatively in the stock market. The program consists of two separate plans.

The SACT-Regular Plan is available to all actively contributing members of a New Jersey State-administered retirement system. Contributions to this plan are made after deductions for federal income tax.

The SACT-Tax Sheltered Plan (IRC Section 403(b)) is available to actively contributing members of public educational institutions. Contributions to this plan are made before deductions for federal income tax.

SACT brochures and enrollment packets are available on the Division of Pensions and Benefits Web site at: www.state.nj.us/treasury/pensions/sact.shtml

You can also contact the SACT office by calling (609) 633-2031 or by writing to: *Division of Pensions and Benefits, Supplemental Annuity Collective Trust, PO Box 295, Trenton, NJ 08625-0295.*

Deferred Compensation Plans

TPAF members employed by a board of education may be eligible to contribute to an IRC Section 457 deferred compensation plan. Contact your employer to see if this type of plan is available to you.

TPAF members employed by the State are eligible to contribute to the New Jersey State Employees Deferred Compensation Plan (IRC Section 457). For plan and investment information, visit the State Employees Deferred Compensation Plan Web site at: www.prudential.com/njsedcp or call 1-866-NJSEDCP (1-866-657-3327). Other information about the plan is available by writing to: *Division of Pensions and Benefits, New Jersey State Employees Deferred Compensation Plan, PO Box 295, Trenton, NJ 08625-0295.*

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include:

- Employees enrolled *on or after* July 1, 2007, in membership **Tier 2**, **Tier 3**, **Tier 4**, or **Tier 5** of the TPAF or PERS who earn salary in excess of established "maximum compensation" limits (\$106,800 for 2011 and \$110,100 for 2012).
- Employees otherwise eligible for enrollment in membership **Tier 3** of the TPAF or PERS who do not earn the minimum annual salary for Tier 3 enrollment (\$7,800 in 2012, subject to adjustment in future years) but who earn at least the DCRP minimum annual salary of \$5,000.
- Employees otherwise eligible for enrollment in membership **Tier 4** or **Tier 5** of the TPAF or PERS who do not work the minimum number of hours per week required for enrollment (35 hours per week for State employees or 32 hours per week for local government or local education employees) but who earn at least the DCRP minimum annual salary of \$5,000.

The DCRP is administered for the Division of Pensions and Benefits by Prudential Financial.

Prudential provides DCRP information, including information about investment and distribution options, on its New Jersey Defined Contribution Program Web site: www.prudential.com/njdcrp

Employers and members can contact Prudential Financial by telephone through Prudential's toll-free number 1-866-653-2771.

In certain circumstances an eligible employee can *voluntarily* waive participation in the DCRP by submitting a *DCRP Waiver Form* to the Division of Pensions and Benefits.

Additional information about DCRP enrollment, contribution rates, plan benefits, and waiver can be found in Fact Sheet #79, *DCRP for PERS and TPAF Members*, Fact Sheet #80, *DCRP for Elected and Appointed Officials*, and Fact Sheet #82, *DCRP if Ineligible for the PERS or TPAF*, which are available by contacting the Division of Pensions and Benefits or on the Division's Web site at:

www.state.nj.us/treasury/pensions

RETIREMENT

It is the member's responsibility to apply for retirement and ensure the receipt of the retirement application and any other required documentation. Applications for retirement must be received by the Division of Pensions and Benefits prior to the effective date of the retirement.

Types of Retirement

There are several types of retirement for which you may qualify.

Service Retirement

Available to **Tier 1** and **Tier 2** members upon reaching age **60** or older; or to **Tier 3** and **Tier 4** members upon reaching age **62** or older, or to **Tier 5** members upon reaching age **65** or older. No minimum amount of pension service credit is required

The formula to calculate the maximum annual pension for a **Tier 1**, **Tier 2**, or **Tier 3** member is:

$$\frac{\text{Years of Service}}{55} \times \text{Final Average Salary} = \text{Maximum Annual Allowance}$$

The formula to calculate the maximum annual pension for a **Tier 4** or **Tier 5** member is:

$$\frac{\text{Years of Service}}{60} \times \text{Final Average Salary} = \text{Maximum Annual Allowance}$$

FOR EXAMPLE: A *Tier 1* member with 22 years of service would receive 22/55 or 40% of Final Average Salary. You receive a slightly higher percentage for each additional month of service.

Note: A TPAF retirement allowance will not be paid if the calculated benefit is *less than* \$25 per month.

- **'Years of Service'** means the years and months of pension service **credited to your account** — including purchased service credit. It does not necessarily mean years and months of employment.
- **'Salary'** means the base salary on which your pension contributions are based. It does not include extra pay for overtime or money given in anticipation of your retirement. Nor does it include additional salary for performing temporary or extracurricular duties beyond the regular school day or the regular school year.
- **'Final Average Salary'** — for **Tier 1**, **Tier 2**, and **Tier 3** members Final Average Salary means the average salary for the **36 months** (30 months for employees with 10 month contracts) immediately preceding your retirement. If your last **three years** are not your highest years of salary, your allowance will be calculated using your three highest *fiscal years* (July - June) of salary.

For **Tier 4** and **Tier 5** members Final Average Salary means the average salary for the **60 months** (50 months for employees with 10 month contracts) immediately preceding your retirement. If your last **five years** are not your highest years of salary, your allowance will be calculated using your five highest *fiscal years* (July - June) of salary.

Note: If your last years of salary are not your highest years, you must indicate it on your retirement application.

Early Retirement

Available to members who have **25 years** or more of pension membership service credit before reaching age **60** for **Tier 1** and **Tier 2** members, or before age

62 for **Tier 3** and **Tier 4** members; or with **30 years** or more of pension membership service credit before age **65** for **Tier 5** members. The benefit is calculated using the appropriate Service Retirement formula; however, your allowance is permanently reduced if you retire prior to attaining certain ages as defined by your membership tier.

- **For Tier 1 members** who retire before age 55, your allowance is reduced 1/4 of 1% (3% per year) for each month under age 55.
- **For Tier 2 members** who retire before age 60, your allowance is reduced 1/12 of 1% (1% per year) for each month under age 60 through age 55, and 1/4 of 1% (3% per year) for each month under age 55.
- **For Tier 3 and Tier 4 members** who retire before age 62, your allowance is reduced 1/12 of 1% (1% per year) for each month under age 62 through age 55, and 1/4 of 1% (3% per year) for each month under age 55.
- **For Tier 5 members** who retire before age 65 with at least **30** years of service, your allowance is reduced 1/4 of 1% per month (3% per year) for each year under age 65.

Veteran Retirement

Available to qualified military veterans who remain in active employment until the effective date of retirement and who meet the minimum age and pension service credit requirements for a Veteran Retirement as of their retirement date.

The age requirements and formulas for calculating a Veteran Retirement are the same for **all membership tiers**.

A qualified military veteran may retire with:

- 25 years of service credit at age 55 or older; or
- 20 years of service credit at age 60 or older; or
- 35 years of service credit at age 55 or older.
- Veterans meeting the age requirement with between 20 and 34 years of service credit will retire with an annual benefit equal to 54.5% of the salary upon which pension contributions were based during the last year of employment or highest 12 consecutive months of base salary.

- Veterans with 35 or more years of service credit at age 55 or older are entitled to an annual allowance based on the following formula:

$$\frac{\text{Years of Service}}{55} \times \text{Highest 12 Consecutive Months of Salary} = \text{Maximum Annual Allowance}$$

Veteran members may retire on a Service Retirement if that provides a higher benefit.

Definition of a Veteran — A veteran is a person who holds an honorable discharge from the military service of the United States who served during the following periods:

- World War II – September 16, 1940 to December 31, 1946
- Korean Conflict – June 23, 1950 to January 31, 1955
- Lebanon Crisis – July 1, 1958 to November 1, 1958
- Vietnam Conflict – December 31, 1960 to May 7, 1975
- Lebanon Peacekeeping Mission – September 26, 1982 to December 1, 1987
- Grenada Peacekeeping Mission – October 23, 1983 to November 21, 1983
- Panama Peacekeeping Mission – December 20, 1989 to January 31, 1990
- Operation Desert Shield/Storm – August 2, 1990 to February 28, 1991
- Operation Northern Watch/Southern Watch – August 27, 1992 to May 1, 2003
- Operation Restore Hope in Somalia – December 5, 1992 to March 31, 1994
- Operations Joint Endeavor/Joint Guard-Republic of Bosnia and Herzegovina – November 20, 1995 to June 20, 1998
- Operation Enduring Freedom – September 11, 2001 to present
- Operation Iraqi Freedom – March 19, 2003 to present

Veteran status can be granted for World War II, the Korean Conflict, or the Vietnam Conflict as long as the member had at least 90 days of continuous active military service, of which at least one day fell

within the dates listed above. Any honorably discharged member of the American Merchant Marine who served at least 90 days between September 16, 1940 and December 31, 1946 also qualifies for veteran status.

Service with the Women's Army Auxiliary Corps (WAAC) and Women's Army Corps (WAC) may also qualify for veteran status.

For veteran status for the listed missions/operations after Vietnam, the member must have served at least 14 days in the country or region or on ships patrolling in the territorial waters of these nations.

- If the start of the member's service began *on or after* the beginning date of the war era, veteran status will be granted as long as any one of the 14 days of service fell on or within the dates listed above.
- If the start of the member's service was *prior to* the beginning date of the war era, then the member must have served all 14 days in the area within the dates specified for the conflict in order to be granted veteran status.

If the veteran was discharged because of a service-incurred disability during a period of conflict, the 90 or 14-day requirement for service is waived. Absent Without Leave (AWOL) periods must be deducted from active service and if this reduces the active service to less than the 90 or 14-day service requirement, veteran status will be denied.

Veteran status cannot be granted if an individual received a dishonorable discharge, a discharge from the draft, disenrollment from the Coast Guard Reserve, or a discharge from the reserve with no evidence of active service in time of war.

Veteran status cannot be granted if the individual service was:

- State Militia;
- Student training corps during World War II;
- Army of the Allies but not as a citizen of the United States at the time of such service;
- Military service during peacetime;
- Military service for training purposes. Also, courses of education and training under the Army Specialized Training Program or the Navy College;

- Training Program where the courses were a continuation of the individual's civilian courses and were pursued to completion;
- As a cadet or midshipman at one of the service academies; or
- Any military service performed pursuant to the provisions of Section 511(d) of Title 10, United States Code, pursuant to enlistment in the Army National Guard or as a reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps or Coast Guard Reserve.

Establishing Veteran Status — Individuals wishing to establish veteran status with the retirement system should submit a photocopy of their discharge papers (*Form DD 214*) showing both their induction and discharge dates to:

**NJ Department of Military
and Veterans Affairs
ATTN: DVP-VBB
PO Box 340
Trenton, NJ 08625-0340**

Since the New Jersey Department of Military and Veterans Affairs also makes determinations of veteran's preference for Civil Service and property tax appeals, a note should be attached to say that the discharge papers are being sent for pension purposes. Include your address on the note.

Deferred Retirement

Available to members who have at least 10 years of service credit and are not yet 60 years of age if a **Tier 1** or **Tier 2** member, or 62 years of age if a **Tier 3** or **Tier 4** member, or 65 years of age if a **Tier 5** member, when they terminate employment. The retirement would be effective on the first of the month after attaining the appropriate Deferred Retirement age. The benefit is calculated using the appropriate Service Retirement formula.

You must file an *Application for Retirement Allowance* for the Deferred Retirement to take effect. You may apply for a Deferred Retirement when you terminate covered employment or any time prior to attaining your Deferred Retirement age. Under no circumstances can a Deferred Retirement become effective prior to the date the application is received by the Division of Pensions and Benefits.

If a member is removed from employment for cause, the member will be **ineligible** for Deferred Retirement.

If you return to TPAF covered employment before your Deferred Retirement becomes effective, you may cancel your retirement and are eligible to maintain your original TPAF membership tier status provided you have not withdrawn your membership and it has not been more than two consecutive years since your last pension contribution. If, however, there has been a break in service of more than two consecutive years since your last pension contribution, or if you have withdrawn your account, you will be enrolled in a new TPAF account under the "membership tier" in effect at the time you return to employment.

At any time before your Deferred Retirement becomes effective, you may change your mind and apply for a lump-sum withdrawal of all your pension contributions instead. However, once you cancel your Deferred Retirement and withdraw your contributions, all the rights and privileges of membership in the retirement system end.

Please note the following important information about your life insurance, health benefits coverage, loans, and purchase arrears if you are considering a Deferred Retirement:

- **Life Insurance** — Your life insurance coverage will end 31 days after you terminate employment and will not be in effect until your Deferred Retirement becomes payable. If you die before your Deferred Retirement becomes effective, the last named beneficiary will receive a return of your pension contributions. There is no life insurance benefit under these circumstances. However, during the 31-day period after you terminate employment you may convert your group life insurance coverage to a private policy with Prudential Financial. For more information see "Conversion: At Retirement" on page 38.
- **Health Benefits** — TPAF members with less than 25 years of service credit who are electing a Deferred Retirement cannot normally transfer their active health care coverage to the retired group of the School Employees' Health Benefits Program (SEHBP) or the State Health Benefits Program (SHBP); however, members electing Deferred Retirement may be eligible for continuation of SEHBP or SHBP coverage under federal COBRA legislation for up to 18 months if they were covered by the SEHBP or SHBP just prior to terminating employment. If

the actual retirement commences while the 18 months of COBRA coverage is in effect, the retiree may then transfer from the COBRA coverage and continue the SEHBP or SHBP coverage into retirement. If the 18 months of COBRA coverage ends before the retirement commences, the member will not be entitled to maintain health coverage through the SEHBP or SHBP. Participants should contact their employer to see if they qualify for COBRA continuation.

COBRA: *The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985.*

TPAF members with 25 or more years of service credit **who were employed by a school board or a county college** and who elect Deferred Retirement are eligible for State-paid SEHBP coverage when the Deferred Retirement becomes effective at age 60 (age 62 if a Tier 3 or Tier 4 member, or age 65 if a Tier 5 member).

- **Loans** — If you terminate employment, failure to repay a pension loan as scheduled may result in the unpaid loan balance being declared a taxable distribution that will be reported to the IRS. For more information about the IRS regulations regarding the repayment of pension loans.
- **Purchase Arrears** — If you have an outstanding arrears obligation for the purchase of additional service credit, interest may be assessed if there is a lapse in payments of two years or more. Purchases will be canceled after two years without payments and the service credit prorated. Members returning to employment can request to have the original purchase resumed.
- **Supplemental Compensation on Retirement (SCOR)** — State employees who retire on a Deferred Retirement are not eligible for payment for unused sick days under the SCOR program. See your payroll administrator for more information.

Ordinary Disability Retirement

Ordinary Disability Retirement is only available to **Tier 1, Tier 2, and Tier 3** members.

Note: Under the provisions of Chapter 3, P.L. 2010, **Tier 4** and **Tier 5** members may be eligible for disability insurance coverage after one year of continuous employment.

To qualify for an Ordinary Disability Retirement you must:

- Have an active TPAF account. Active membership ceases after discontinuance of pension contributions for more than two consecutive years. If more than two years have elapsed since the last contribution, and you terminated employment because you were totally and permanently disabled, and you continue to be disabled for the same reason(s), special rules apply; contact the Division of Pensions and Benefits for more information;
- Have 10 or more years of New Jersey service credit (Out-of-State, Military, and U.S. Government civilian service purchases cannot be used to attain the 10 years);
- Be considered totally and permanently disabled (you must prove that you are physically or mentally incapacitated from performing your normal or assigned job duties or any other position that your employer may assign); and
- Submit any and all medical reports or corroborating evidence on file that supports your disability.

Note: If the medical documentation supplied by you is not sufficient to support your claim of disability, you may be examined by physicians selected by the retirement system. The examination will be scheduled at no cost to you by the Division of Pensions and Benefits. **All medical information is kept confidential and only for use by the TPAF Board of Trustees in evaluating your application.**

If you qualify and are approved for an Ordinary Disability Retirement, the annual benefit is equal to 43.6% of your Final Average Salary (FAS, see definition on page 16) or 1.64% of your FAS for each year of service credit, whichever provides the higher benefit.

The application process begins by filing the *Application for Disability Retirement* with the Division of Pensions and Benefits (see "Disability Retirement Applications" on page 25). The application contains forms for your physician(s) to complete and a form for the release of health information related to your disability. The application requires corroboration of your condition by at least two medical sources. The more complete the application, the faster it can be evaluated, although the process may take six months or more.

It is the applicant's responsibility to arrange for all physicians' statements, hospital records, and other health information to be sent to the Division of Pensions and Benefits.

Your employer has the right to apply for an involuntary disability retirement on your behalf. Along with the retirement application **State employers must provide a letter** from the Department's highest ranking authority and **local employers must provide a copy of a resolution** adopted by the governing body. The letter/resolution must indicate the intent to involuntarily retire the employee and state that, in the employing authority's opinion, the employee is "totally and permanently disabled" from fulfilling his or her job duties (employers should also include any pertinent medical records).

Once the Board of Trustees approves a member for a disability retirement allowance, the member's retirement application cannot be withdrawn, canceled, or amended (except to change your retirement option selection provided that you file written notice with the Division of Pensions and Benefits within 30 days of the date of the Board's approval or your retirement date, whichever is later; otherwise, the retirement option will remain and cannot be changed for any reason thereafter).

Approval for Workers' Compensation or Social Security disability benefits has no bearing on your application for an Ordinary Disability Retirement. However, if you are approved for Ordinary Disability Retirement benefits and receive a Workers' Compensation award, your Workers' Compensation award may be reduced by the amount of your Ordinary Disability Retirement benefit. If you have any questions concerning this issue, please contact the Division of Workers' Compensation at (609) 292-2515 or send e-mail to: dwc@dol.state.nj.us

Disability retirees are subject to an annual earnings test (see page 34 for details).

Accidental Disability Retirement

Accidental Disability Retirement is only available to **Tier 1, Tier 2, and Tier 3** members.

Note: Under the provisions of Chapter 3, P.L. 2010, **Tier 4** and **Tier 5** members may be eligible for disability insurance coverage after one year of continuous employment.

To qualify for an Accidental Disability Retirement you must:

- Have an active TPAF account. Active membership ceases after discontinuance of pension contributions for more than two consecutive years. If more than two years have elapsed since the last contribution, and you terminated employment because you were totally and permanently disabled, and you continue to be disabled for the same reason(s), special rules apply, contact the Division of Pensions and Benefits for more information;
 - Be considered totally and permanently disabled (you must prove that you are physically or mentally incapacitated from performing your normal or assigned job duties or any other position that your employer may assign) as a "direct result of a traumatic event" (see definition below) that happened during and as a direct result of carrying out your regular or assigned job duties;
 - Be an active member of the TPAF on the date of the "traumatic event";
 - File an *Application for Disability Retirement* within five years of the date of the "traumatic event";
 - Provide any and all accident reports, witness reports, and corroborating evidence on file for any and all accidents for which you are filing; and
 - Be examined by physicians selected by the retirement system. The examination will be scheduled at no cost to you by the Division of Pensions and Benefits. **All medical information is kept confidential and used only by the TPAF Board of Trustees in reviewing your claim.**
- Caused by a circumstance external to the member (not the result of preexisting disease that is aggravated or accelerated by the work);
 - Occurred during and as a result of the member's regular or assigned duties;
 - Was not the result of the member's willful negligence; and
 - Results in the member's permanent and total incapacitation from performing his or her usual or any other duty.
 - When there is an issue of mental incapacity, the member must also establish that the event that forms the basis for an accidental disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person."

If you qualify and are approved for Accidental Disability Retirement, your annual retirement allowance will be 72.7% of your salary at the time of the "traumatic event".

'Direct Result of a Traumatic Event' has been defined by the courts as an occurrence that is:

- Identifiable as to time and place;
- Undesigned and unexpected;

The application process begins by filing the *Application for Disability Retirement* with the Division of Pensions and Benefits (see "Disability Retirement Applications" on page 25). The application contains forms for your physician(s) to complete, a form for your employer to complete with questions regarding the "traumatic event", and a release for health information relating to your disability. The more complete the application, the faster it can be evaluated, although the process may take six months or more.

It is the applicant's responsibility to arrange for all physicians' statements, hospital records, and other health information to be sent to the Division of Pensions and Benefits.

Your employer has the right to apply for an involuntary disability retirement on your behalf. Along with the retirement application **State employers must provide a letter** from the Department's highest ranking authority and **local employers must provide a copy of a resolution** adopted by the governing body. The letter/resolution must indicate the intent to involuntarily retire the employee and state that, in the employing authority's opinion, the employee is "totally and permanently disabled" from fulfilling his or her job duties (employers should also include any pertinent medical records).

Once the Board of Trustees approves a member for a disability retirement allowance, the member's retirement application cannot be withdrawn, canceled, or amended (except to change your retirement option selection provided that you file written notice with the Division of Pensions and Benefits within 30 days of the date of the Board's approval or your retirement date, whichever is later; otherwise, the retirement option will remain and cannot be changed for any reason thereafter).

Approval for Workers' Compensation or Social Security disability benefits has no bearing on your application for Accidental Disability Retirement. However, if you receive periodic Workers' Compensation benefits while receiving an Accidental Disability Retirement, the pension portion of your retirement allowance will be reduced dollar-for-dollar by the amount of the periodic benefits.

Disability retirees are subject to an annual earnings test (see page 34 for details).

If you apply for Accidental Disability Retirement and are found by the Board of Trustees to be totally and permanently disabled but not as a "direct result of a traumatic event", you may be retired on an Ordinary Disability Retirement if you have the required service credit (see page 19).

OPTIONAL SETTLEMENTS AT RETIREMENT

You may want to leave a pension benefit to a beneficiary in addition to any life insurance for which you are eligible. When you complete the *Application for Retirement Allowance* you will have to choose either the Maximum Option or one of eight other options that provide a pension benefit to your beneficiary. Selecting an option other than the Maximum Option will reduce your monthly retirement allowance. The amount of this reduction depends on the option you select. Regardless of the selected payment option, your retirement benefits are paid for the remainder of your lifetime (see exceptions in "Reduction or Suspension of Your Benefits" on page 30).

Once your retirement becomes "due and payable" you cannot change your option selection. "Due and payable" is defined as 30 days after your retirement date, or 30 days after your retirement has been approved by the TPAF Board of Trustees, whichever is later.

- **Maximum Option** provides the highest retirement allowance payable. Upon your death all pension benefits will cease. If your death occurs before you have received distribution of all your accumulated pension contributions, with interest, the remainder of any undistributed contributions will be paid to your beneficiary. If you are legally married or in a domestic partnership and choose the Maximum Option, State law requires that we notify your spouse or domestic partner of your choice.
- **Options A, B, C, and D** pay a monthly allowance to a beneficiary upon your death for the lifetime of that beneficiary. Under any of these options, once your retirement has become due and payable, you cannot change the beneficiary, regardless of the circumstances. **If your designated beneficiary dies before you, your monthly allowance increases to the Maximum Option amount.** Your age and the age of the beneficiary determine your monthly allowance - the younger the beneficiary, the more your pension is reduced to account for the beneficiary's longer life expectancy. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed in the form of a monthly allowance, the remainder will be paid to your estate.

Note: For Options A, B, C, and D, you may only designate one beneficiary.
- **Option A** provides that upon your death, your beneficiary will receive the same monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.
- **Option B** provides that upon your death, your beneficiary will receive 75% of the monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.
- **Option C** provides that upon your death, your beneficiary will receive one-half of the monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.
- **Option D** provides that upon your death, your beneficiary will receive 25% of the monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.

- **Option 1** sets aside an initial reserve based on your life expectancy. This reserve is then reduced each month by the amount of your initial monthly retirement allowance. Upon your death, the balance of the reserve, if any, is paid to your beneficiary(ies). If you exhaust your initial reserve, you will continue to receive your monthly retirement allowance for the rest of your life; however, there are no further pension benefits payable to your beneficiary(ies). You may designate more than one beneficiary for Option 1. A beneficiary may be a person, a charity, an institution, or your estate. You may change a beneficiary under this option at any time. Upon your death, your beneficiary may elect to receive the proceeds in a lump sum or as an annuity payable over a certain number of years.
- **Options 2, 3 and 4** pay a monthly allowance to a beneficiary upon your death, for the lifetime of that beneficiary. Under any of these options, once your retirement has become due and payable, you cannot change the beneficiary, regardless of the circumstances. **If your designated beneficiary dies before you, your monthly allowance will not be increased nor can you name a new beneficiary.** Your age and the age of the beneficiary determine your monthly allowance — the younger the beneficiary, the more your pension is reduced to account for the beneficiary's longer life expectancy. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed in the form of a monthly allowance, the remainder will be paid to your estate.

Note: For Options 2 and 3, you may only designate one beneficiary. For Option 4, you may designate more than one beneficiary.

- **Option 2** provides that upon your death, your beneficiary will receive the same monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.
- **Option 3** provides that upon your death, your beneficiary will receive one-half of the monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.

- **Option 4** provides that upon your death, your beneficiary(ies) will receive a specified fixed monthly allowance for the duration of his/her lifetime. Your allowance cannot be more than that provided under Option 2.

Note: Members should allow for additional processing time for Option 4 calculations with multiple beneficiaries.

Should a member apply for retirement, other than a Deferred Retirement, and die prior to the retirement becoming effective, the retirement benefit beneficiary may choose between the active death benefit or the retired optional settlement that the member selected. The member must have been eligible for retirement at the time of death for the beneficiary to be eligible to choose between active and retired death benefits.

Age Limits on Nonspouse Beneficiaries

For all options, you can name your spouse as your beneficiary regardless of your spouse's age. For Options C, D, 1, or 3, you can name someone other than your spouse as beneficiary regardless of age.

Note: Because the Internal Revenue Service 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.

For Options 2, A, or B, if you are naming a beneficiary who is not your spouse, Internal Revenue Service regulations restrict the age of your beneficiary:

For Options 2 and A (100% to beneficiary):

- If you are age 70 or older at retirement, your nonspouse beneficiary can be no more than 10 years younger than you.
- If you are under age 70 at retirement, determine:
 - 1.) the number of years difference between your age at retirement and age 70; and
 - 2.) the number of years difference between your age at retirement and the age of your nonspouse beneficiary.

Subtract the age 70 difference from the difference in age between yourself and your beneficiary. The resulting age difference can be no more than 10 years younger than you.

For Option B (75% to beneficiary):

- If you are age 70 or older at retirement, your nonspouse beneficiary can be no more than 19 years younger than you.
- If you are under age 70 at retirement, determine:
 - 1.) the number of years difference between your age at retirement and age 70; and
 - 2.) the number of years difference between your age at retirement and the age of your nonspouse beneficiary.

Subtract the age 70 difference from the difference in age between yourself and your beneficiary. The resulting age difference can be no more than 19 years younger than you.

If you name a nonspouse beneficiary under **Option 4**, and the dollar amount of your beneficiary's pension is more than half of your allowance, restrictions on your beneficiary's age apply.

THE RETIREMENT PROCESS

The time frames in this section serve as a guide to help you understand the retirement process. Actual processing times, however, may vary and cannot begin until the Division of Pensions and Benefits receives all the necessary information and forms from both you and your employer.

6-8 Months before Retirement

When planning for a successful retirement, it is important to give yourself enough time to review your benefits and options. **You should inquire about retirement at least six months before your retirement date.**

Retirement Estimates — Members within 2 years of retirement can:

- **Obtain an Estimate of Retirement Benefits using the Member Benefits Online System (MBOS).** This provides you with a printable estimate of the retirement allowances available and the amount of your group life insurance benefits. If you provide the birth date of your beneficiary, MBOS will estimate not only the Maximum Option but alternate payment options. Using the MBOS Retirement Estimate Calculator allows you to obtain and compare estimates for different retirement dates. See page iv for more information about registering for MBOS.

- Hear an estimate of retirement benefits over the phone, by calling the Division of Pension and Benefit's Automated Information System at (609) 292-7524.
- Submit a *Request for Retirement Estimate* to the Division of Pensions and Benefits. This provides you with a written estimate of the retirement allowances available and the amount of your group life insurance benefits. If you provide the birth date of your beneficiary, the Division will estimate not only the Maximum Option but alternate payment options. Please allow 4-6 weeks for manual estimate processing and mailing. The request form is available from your benefits administrator, by calling the Division's Office of Client Services at (609) 292-7524, or on the Division's Web site at:

www.state.nj.us/treasury/pensions

Your employer is not notified if you request a retirement estimate.

For long-term retirement planning, the Division also provides an online retirement estimate calculator that uses service and salary information that you provide. This calculator is available on our Web site at:

www.state.nj.us/treasury/pensions

4-6 Months before Retirement

Retirement Applications — It is your responsibility to file an *Application for Retirement Allowance* with the Division of Pensions and Benefits.

The Application for Retirement Allowance should be submitted online using the Member Benefits Online System (MBOS). Using MBOS provides fast, efficient processing of your retirement application. Information on using MBOS and the *Application for Retirement Allowance* can be found in the *MBOS Users' Guide*, available on MBOS and on the Division's Web site at:

www.state.nj.us/treasury/pensions

See page iv for more information about registering for MBOS.

You can also obtain an *Application for Retirement Allowance* form and instructions:

- From your employer or by printing the application from the Division's Web site at: www.state.nj.us/treasury/pensions
- By contacting the Office of Client Services at (609) 292-7524 or by e-mail request to: pensions.nj@treas.state.nj.us; or

- By writing to the Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

If you apply for retirement using MBOS, **do not** send in a duplicate paper application, as it will delay processing.

Note: If you are applying for a disability retirement, see “Disability Retirement Applications” (below).

All retirements are effective on the first of a month. You can submit your *Application for Retirement Allowance* 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 Division of Pensions and Benefits. Processing times vary and cannot begin until the Division has received all the necessary information and forms from both you and your employer.

- If you have not furnished proof of your age to the Division of Pensions and Benefits, you must do so when applying for retirement (see page 2 for acceptable proofs of age). Proof of age for your beneficiary is required if you choose Options A, B, C, D, 2, 3, or 4. If any proof of age documents are given under a maiden name, please identify them as such. Attach photocopies of any proof of age documents to your retirement application, as we cannot guarantee that original documents will be returned. Please also be sure to write your pension membership number or Social Security number on all documentation that you submit. **Your retirement application will not be processed until the Division receives copies of birth date evidence.**
- Ask your employer to submit a *Certification of Service and Final Salary* to the Division of Pensions and Benefits.
- Multiple members (see page 4) cannot begin to collect retirement benefits until all employment covered by the TPAF is terminated.
- If applying for a Veteran Retirement, you must qualify as a military veteran for pension purposes. If you are not already listed as a veteran in the Division of Pensions and Benefits' records, you must send a photocopy of your

military discharge (*Form DD 214*) to the New Jersey Department of Military and Veteran Affairs (see page 18 for more information).

- **The designation of a beneficiary** named on an *Application for Retirement Allowance* that is filed with and accepted by the Division of Pensions and Benefits supersedes *any* older designation of beneficiary on file. The designation is effective upon acceptance by the Division, even if the retirement date on the application is in the future *or* the member later cancels the retirement application.

When your application is received by the Division of Pensions and Benefits, **members who submitted the application online using MBOS receive e-mail confirmation of its receipt.** Otherwise, you will be sent a letter acknowledging receipt of your retirement application.

Disability Retirement Applications — The *Application for Disability Retirement* can be submitted online using the Member Benefits Online System (MBOS). See page iv for more information about registering for MBOS.

You can also obtain an *Application for Disability Retirement* form and instructions:

- By printing the application from the Division's Web site at: www.state.nj.us/treasury/pensions
- By contacting the Office of Client Services at (609) 292-7524 or by e-mail request to: pensions.nj@treas.state.nj.us; or
- By writing to the Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

The *Application for Disability Retirement* contains forms for your physician(s) to complete and for the release of health information related to your disability. **It is the applicant's responsibility to arrange for all physicians' statements and hospital records to be sent to the Division.** Please be certain that you obtain the most current version of the application and forms from the Web site or the Office of Client Services (older versions will be returned to the member for resubmission using the correct forms).

The more complete the application, the faster it can be evaluated, although the process may take six months or more.

Completed *Applications for Disability Retirement* should be sent to:

**Division of Pensions and Benefits
Disability Review Unit
PO Box 297
Trenton, NJ 08625-0297**

See pages 19-22 for additional information about disability retirement benefits.

Life Insurance — The amount of your life insurance coverage through the TPAF decreases at retirement or terminates if you have less than 10 years of service credit. You may convert the dollar difference between the group coverage you had before retirement and the group coverage you will have after retirement to a non-group life insurance policy.

To protect your conversion privilege it is suggested that you apply for conversion of your insurance at the time you file your retirement application with the Division of Pensions and Benefits (however, you cannot file to convert your life insurance any earlier than six months prior to your retirement date).

See “Conversion of Group Life Insurance” on page 38 and Fact Sheet #13, *Conversion of Group Life Insurance*, for details.

Other Retirement Plans — If you participate in other retirement savings plans, you must inform them separately of your plans to retire.

- Contact the **Supplemental Annuity Collective Trust (SACT)** at (609) 633-2031 if you participate in SACT.
- Contact your employer provided Deferred Compensation Plan, or the **State Employees Deferred Compensation Plan** at 1-866-NJSEDCP, if you participate in the plan.
- Contact the **Defined Contribution Retirement Program (DCRP)** at 1-866-653-2771 if you participate in the DCRP.

Approximately 3 Months before Retirement

Health Benefits Coverage at Retirement — If you fall into one of the categories listed below, you will be offered coverage under the New Jersey School Employees' Health Benefits Program (SEHBP) or the State Health Benefits Program (SHBP) in retirement:

- Members already covered by the SEHBP or SHBP through their employer. (If you are not eligible for State-paid or employer-paid coverage, you may continue the coverage into retirement by paying the appropriate premium);
- Members employed by a board of education or a county college who retire with 25 or more years of service credit in one or more State- or locally-administered retirement systems or who retire on a disability retirement, even if their employer did not participate in the SEHBP. This includes members who elected Deferred Retirement with 25 or more years of service credit in one or more State- or locally-administered retirement systems. Eligibility is limited to full-time employees as defined by N.J.A.C. 17:9-4. The State may pay for some or all of the health benefit cost if you fall into this category;
- Members eligible for Medicare who retired from full-time employment at a board of education, vocational/technical school, or special services commission not participating in the SEHBP, provided you are participating in the health benefits plan of your employer and are enrolled in Medicare Parts A and B. You will be required to pay the full cost of the coverage; and
- Part-time State employees and part-time faculty at institutions of higher education that participate in the SEHBP or SHBP if enrolled in the SEHBP or SHBP at the time of retirement. You will be required to pay the full cost of the coverage.

Note: Enrollment for coverage as a retiree in the SEHBP or SHBP is not automatic. **You must submit a health benefits Retired Coverage Enrollment Application to enroll.**

If you are 65 or older, contact your local Social Security Administration office for full Medicare enrollment. You must be covered by both Part A and Part B of Medicare to be eligible to enroll in the SEHBP or SHBP at retirement.

If you do not qualify for retired SEHBP or SHBP coverage under the criteria listed above, see your employer to explore other options that may be available for continuing your health coverage.

Approximately 2 Months before Retirement

You will receive a *Quotation of Retirement Benefits* letter which shows your monthly retirement allowance with:

- The option you selected;
- A quote of any outstanding loan balance with repayment options; and
- Any other unsatisfied balance on your account.

Unsatisfied Balances

Loans — If you retire with an outstanding loan balance, you may:

- Pay the loan in full prior to receiving any retirement benefits; or
- Continue your monthly loan repayment schedule, plus interest, into retirement.

Purchase Arrears — When you apply for a purchase of service credit, the Division of Pensions and Benefits assumes that the obligation will be paid before your retirement. Therefore, your account is credited with the full amount of service you have agreed to purchase. If this obligation has not been fully paid when you retire, your *Quotation of Retirement Benefits* will state the balance of your arrears (purchase) as of your retirement date. At that time, you must pay the balance of your arrears.

If you do not pay off the balance, the service credit which has not been paid for will be subtracted from your total years and months of service. This will reduce the amount of your retirement allowance and **may even affect your eligibility to retire.**

For Deferred Retirees who have an outstanding arrears obligation for the purchase of additional service credit, interest may be assessed if there was a lapse in payments of two years or more.

Shortages — A shortage in your pension account occurs when your employer does not deduct the proper pension contribution from your salary. You will be notified by the Division of Pensions and Benefits of the amount of any shortage. You are responsible for payment of any shortages at retirement.

No retirement will be paid until purchase arrears and shortage obligations have been satisfied.

Approximately 1 Month before Retirement

Board Approval — Your retirement will be presented to the TPAF Board of Trustees for approval.

- You will receive a *Board Approval Letter*. You have 30 days from the Board approval date or your effective retirement date (whichever is later) to request any change to your retirement date, option selection, or option beneficiary. If you wish to make a change after Board approval, your new selection must again be approved by the Board of Trustees. This may delay your first retirement check.
- You may choose to cancel your retirement within 30 days of your retirement date or Board approval date (whichever is later). This request must be in writing to the Division of Pensions and Benefits. **Canceling your retirement does not guarantee continued employment with your employer.**

Note: Members who are *approved* for Disability Retirement cannot cancel their retirement or change their date of retirement.

COBRA — You may want to discuss with your employer the possibility of continuing benefits under the provisions of COBRA — The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985.

AFTER YOUR RETIREMENT DATE

Statement of Retirement Allowance — You will receive a letter confirming your retirement and death benefits. The letter will also supply figures needed in filing your income tax return. Keep this with your important papers.

Retirement Checks — Your first retirement check cannot be issued earlier than 30 days following your retirement date. If processing of your retirement is delayed, your first check will be retroactive to the date of your retirement.

Regular retirement checks are dated on the first of the month to cover the allowance for the previous month. For example, if you retire on July 1st, your first retirement check would be “due and payable” on August 1st and is payment for the month of July.

Note: A TPAF retirement allowance will not be paid if the calculated benefit is *less than* \$25 per month.

Due and Payable — Your retirement becomes “due and payable” after there has been a break in employment without pay of at least 30 days following your retirement date, or 30 days following approval of your retirement by the TPAF Board of Trustees, whichever is later.

Once your retirement becomes “due and payable” you cannot change your retirement date, option selection, or option beneficiary.

If you return to a TPAF eligible position before the 30 days have elapsed, on either a paid or voluntary basis, your retirement may be considered invalid and you could be required to reimburse the retirement system and reenroll in the TPAF (see ‘Employment after Retirement’ on page 32 for additional requirements of a valid retirement).

Note: Employees who work a 10-month school year contract and retire on July 1 or August 1, **must** count the 30-day break in employment from the start of the following normal school year in September.

Change of Address — Although retirement checks can be forwarded to a new address, it is important that you inform the Division of Pensions and Benefits of the change.

- You can change your address by using the Retiree Change of Address function in the **Member Benefits Online System (MBOS)** for retirees. See page iv for more information about registering for MBOS.
- Change your address by calling the **Automated Information System** at **(609) 292-7524**.
- If notifying the Division of a change of address in writing, be sure to include both your old and your new address and your retirement number or Social Security number.

Direct Deposit/Electronic Funds Transfer — **Direct deposit of retirement checks is mandatory** (except for foreign mailing addresses). Direct deposit will prevent your retirement checks from being lost, stolen, or delayed in the mail.

When you apply for retirement, **sign up for direct deposit using the Direct Deposit/Electronic Funds Transfer application available to pending retirees on the Member Benefits Online System (MBOS)**.

- Registered retirees can also start or change direct deposit online, at any time, using MBOS.

See page iv for more information about registering for MBOS.

You may also use the *Authorization of Direct Deposit* form. The form is included in the *Application for Retirement Allowance* packet or can be printed from the Division of Pensions and Benefits Web site.

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

Withholding Federal and NJ State Income Tax — The Division of Pensions and Benefits will provide for the withholding of federal and New Jersey State income tax from your retirement check.

The Division is obligated to withhold federal income tax unless you file a *Form W-4P* instructing us not to do so.

New Jersey income tax withholding is voluntary, and none will be withheld unless you instruct us to do so. Please keep in mind that if you live outside New Jersey your retirement benefits are not subject to New Jersey State income tax, but may be subject to state or local taxes in the jurisdiction in which you reside. There is no provision for withholding any local or out-of-state taxes.

New retirees will automatically receive a federal *Form W-4P* and New Jersey *Form NJ W-4P* for withholding income tax. After that, you may obtain a federal or New Jersey State *Form NJ W-4P* by calling or writing the Division of Pensions and Benefits, or printing the forms from the Division’s Web site at: www.state.nj.us/treasury/pensions

Retirees can increase or decrease existing withholding amounts by calling the **Automated Information System** at **(609) 292-7524**.

Online federal and New Jersey *W-4P* applications are also available to retirees who are registered users of the **Member Benefits Online System (MBOS)**. See page iv for more information about registering for MBOS.

The Division of Pensions and Benefits cannot provide tax advice.

- Questions about your federal income tax should be directed to the Internal Revenue Service at 1-800-TAX-1040.
- Questions about New Jersey income tax should be directed to the New Jersey Division of Taxation at 1-800-323-4400.

Federal Income Tax after Retirement — Every January, the Division of Pensions and Benefits issues each retiree an annual *Form 1099-R* reflecting the taxable retirement allowance paid during the preceding tax year. The degree to which your pension is taxed, other than Accidental Disability Retirement, depends on whether or not the payments you receive have been previously taxed. Employee contributions made prior to 1987 were made with after tax dollars. That is, they were federally taxed prior to being made. Contributions for the purchase of service credit are also made with after tax dollars unless funded by a rollover from another tax-deferred plan.

If you began contributing to the pension plan in 1987 or after, and you have not made a purchase of service credit, your entire pension is subject to federal income tax because your contributions have never been taxed.

If you contributed to the pension plan before 1987, or if you have made a purchase of service credit since 1987, your pension is immediately taxable based on the “expected return rule.” Part of your retirement allowance comes from your own pension contributions that were already taxed, and the Internal Revenue Service (IRS) allows you to recover these contributions tax-free. This recovery is spread out over your expected lifetime or the combined lifetime of you and your beneficiary, according to IRS life expectancy tables. This means that a small “tax-exclusion amount” of each monthly retirement check is tax-free. The remainder of the monthly benefit is subject to federal income tax.

If you retired on an Accidental Disability Retirement — or if you are a surviving spouse receiving Accidental Disability or Accidental Death benefits — the Division of Pensions and Benefits currently reports your benefit as exempt from federal income tax.

Ordinary Disability Retirement benefits are subject to federal tax to the same extent as other pensions.

Any federal tax questions should be referred to the IRS at 1-800-TAX-1040.

NJ State Income Tax after Retirement — If you live in New Jersey, you will be subject to New Jersey State income tax when you have recovered in pension checks the amount of pension contributions you made to the retirement system while working. However, if you will not recover your total contribu-

tions within three years of retirement, contact the New Jersey Division of Taxation at 1-800-323-4400, or see the *NJ Gross Income Tax Return Form 1040* instructions to determine how your pension is taxed.

If you are receiving an Ordinary Disability or Accidental Disability retirement allowance, your pension is exempt from New Jersey income tax if you are under age 65. When you reach age 65, your disability pension is treated as a regular pension and is considered taxable for New Jersey income tax.

Cost-of-Living Adjustment — Chapter 78, P.L. 2011, the Pension and Health Benefit Reform Law, **suspended Cost-of-Living Adjustments (COLA) for retirees of all retirement systems.** Please note, however that there is no reduction to any COLA increases that were *already* added to retiree benefits prior to June 28, 2011, the effective date of the law.

Prior to the suspension of COLA, the Pension Adjustment Program provided an annual Cost-of-Living Adjustment to eligible retirees and their survivors who received a monthly retirement allowance from the TPAF. The COLA was based on the initial retirement allowance; however, if the retiree chose Option 1, the COLA was calculated using the Maximum Option amount.

For additional information about COLA – including the calculation examples – see Fact Sheet #18, *Cost-of-Living Adjustments*.

Prior Cost-of-Living Adjustments are shown under the Current Earnings section of the retirement benefit *Statement of Allowances and Deductions* (check or EFT stub).

Retirees can also verify current allowance and deduction information at *any time* using the retiree account information available through the **Member Benefits Online System (MBOS)** or by calling the **Automated Information System at (609) 292-7524**.

See page iv for more information about using or registering for MBOS.

See page iv for more information on using the Automated Information System.

Social Security — Your pension is not reduced by any Social Security benefits you may receive (see “Social Security Earnings Test” on page 35).

REDUCTION OR SUSPENSION OF YOUR BENEFITS

Normally, you will receive retirement benefits as long as you live. Your benefits, however, could be reduced or suspended if:

- You return to a position covered by the TPAF and are required to reenroll (see "Employment After Retirement" on page 32).
- You become mentally or physically incompetent. Your benefits will not be reinstated until a legal representative has been appointed.
- You have an outstanding purchase arrears balance or a shortage in your account at the time of your retirement.
- You receive salary from your employer for service rendered after your date of retirement.
- You waive your right to a portion of any pension to which you are entitled.
- As an Accidental Disability retiree, you receive periodic Workers' Compensation benefits after your retirement date.
- As a disability retiree, you fail to appear for a periodic medical re-examination when requested to do so.
- As a disability retiree, you fail to file your annual statement of earnings if requested.
- As a disability retiree, your employment income exceeds the amount allowable by law. The Division of Pensions and Benefits monitors the earnings history of retired members. If any discrepancies are found, excess retirement benefits must be repaid to the TPAF.
- You fail to file a *Certificate of Eligibility* when you are asked to do so. This certificate is necessary, for example, if you or one of your beneficiaries has a change in marital status.
- You are incarcerated (although the Board of Trustees may permit the continuance of your benefits to your dependents).
- An accounting error is made and the TPAF must be repaid.

Your pension is normally exempt from any liens against it. Exceptions are: tax liens imposed by the federal Internal Revenue Service, and court orders for child support, alimony, or equitable distribution.

A court order is effective only when you withdraw your funds or when you begin to receive monthly retirement payments.

Divorce or Dissolution of a Civil Union/Domestic Partnership

The retirement system will implement matrimonial/civil union dissolution court orders granting alimony, child support, or equitable distribution.

Matrimonial/civil union dissolution orders regarding your withdrawal from the retirement system will take effect if you voluntarily apply to withdraw your TPAF account (see page 41).

Matrimonial/civil union dissolution orders regarding your retirement will not take effect until you retire and begin receiving a monthly retirement allowance. The court order can designate a specific dollar amount or percentage, or a percentage based on the number of years of pensionable service you accrued during the marriage/civil union, to be withheld from your retirement allowance. The amount withheld is sent directly from the Division of Pensions to your former spouse/partner unless the order specifies another payee (i.e. a probation department).

Any court ordered withholding paid to your former spouse/partner from your retirement allowance will terminate upon your death or the death of the former spouse/partner.

If the former spouse/partner is designated the beneficiary under a TPAF pension option, the surviving divorced spouse is entitled to the survivor's benefit for as long as he or she lives. If another person is designated beneficiary of the pension option, the divorced spouse cannot receive any equitable distributions from the survivor's benefit.

Group Life Insurance — 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 (and/or return of pension contributions if an active employee) they cannot receive the benefit. Therefore, the pension and/or life insurance proceeds become payable to your remaining primary beneficiaries, if any, contingent beneficiaries, if any, or your estate. However, the following exceptions will be honored and considered valid:

- Court orders are filed that specifically designate your former spouse/partner to receive a (active pension and/or) life insurance benefit; or
- You file a *Designation of Beneficiary* after the final date of judgment that names your former spouse/partner and/or relatives of your former spouse/partner as the (active pension and/or) life insurance beneficiary.

Misconduct

The receipt of retirement benefits is expressly conditioned upon the rendering of honorable service by a public officer or employee. Your benefits may be reduced or forfeited if you are convicted of a crime in any way related to your employment, or if you are suspended or dismissed from your employment.

In accordance with N.J.S.A. 43:1-3.1, the court may order the forfeiture of all or part of the retirement allowance in certain cases.

Also, in accordance with N.J.S.A. 43:1-3, the Board of Trustees is required to order the forfeiture of all or part of the retirement allowance of a member for misconduct during public service, which renders the service, in whole or in part, dishonorable. The Board evaluates the member's disciplinary and/or criminal charges using the following 11 factors to determine whether the member's public service is considered honorable.

1. The employee's length of service;
2. The basis for retirement, i.e., age, service, disability, etc. (includes the effective date of retirement);
3. The extent to which the employee's pension has vested;
4. The duties of the particular employment;
5. The employee's public employment and service (includes the date of last pension contribution);
6. The employee's other public employment and service;
7. The nature of the misconduct or crime, including the gravity or substantiality of the offense, whether it was a single or multiple offense and whether it was continuing or isolated;

8. The relationship between the misconduct and the employee's public duties;
9. The quality or moral turpitude or the degree of guilt and culpability, including the employee's motives and reasons, personal gain and the like;
10. The availability and adequacy of other penal sanctions; and
11. Other personal circumstances relating to the employee bearing upon the justness of the forfeiture.

The Division of Criminal Justice in the Department of Law and Public Safety and the County and Municipal Prosecutor's Offices are required to inform the Division of Pensions and Benefits whenever a public official or employee is prosecuted or convicted. State and Local public employers are also required to notify the Division of Pensions and Benefits whenever a public employer takes formal disciplinary action to remove a member from public office or employment for cause on charges of misconduct or delinquency. In these cases, the Board of Trustees will consider all relevant documentation to render a determination on any appropriate action.

The Board will suspend processing of a member's application for retirement pending the receipt of the final disposition of charges against the member. All claims for retirement, death benefits, or the return of the member's contributions cannot be processed until the criminal or administrative matter has been resolved to the satisfaction of the Board of Trustees. The Division will postpone action on all claims where there is pending litigation against the member's employment. In this case, the Division will hold all applications or requests in abeyance until such time as the matter is fully resolved. Once all the required information is provided to the Division, the Board of Trustees will consider each case on its own merits.

New Jersey law stipulates that a retired member is not eligible to collect retirement benefits if the retiree is confined in a penal institution as a result of a conviction of a crime involving moral turpitude. The law provides that an eligible dependent may continue to collect a retirement benefit if they can prove to the satisfaction of the Board of Trustees that they rely on the retiree's benefits for their maintenance.

The member should contact the Division's Board and Trustee Administration Office, in writing, if any of the conditions listed above should occur in order to obtain more specific instruction on how to proceed.

For additional information, see Fact Sheet #76, *Honorable Service*, which is available on the Division of Pensions and Benefits Web site at:

www.state.nj.us/treasury/pensions

EMPLOYMENT AFTER RETIREMENT

For most TPAF retirees, working for private industry, the federal government, or a government agency in another state will not affect your retirement benefits (disability retirees should see "Disability Retirees - Earnings After Retirement" on page 34).

For TPAF retirees who resume teaching or other public employment in New Jersey after retirement, there are several areas of concern.

IRS Provisions

A TPAF retiree who returns to public employment before age 59½ may be subject to 10% additional federal tax withholding for an in service distribution under the Internal Revenue Code. Because this issue is fact sensitive, you should consult with the Internal Revenue Service or a qualified tax consultant and **are strongly advised to use caution if considering a return from retirement to public employment.**

Bona Fide Retirement

In applying the return to employment provisions described throughout this section, it is assumed that the TPAF retirement is considered to be "bona fide." This means the retiree has **made a good faith action to retire** and that **the employer/employee relationship is completely severed.**

A "bona fide" retirement must also be "due and payable." Your retirement does not become "due and payable" until there has been a cessation of employment of *at least* 30 days following your retirement date, or 30 days following approval of your retirement by the TPAF Board of Trustees, whichever is later. If you return to a TPAF covered position — on either a paid or voluntary basis — before the 30 days have elapsed, you should expect to continue enrollment in the TPAF. Your retirement will be considered invalid, and you will remain an active employee under your original TPAF account.

Note: N.J.A.C. 17:3-21 requires that employees who work a 10-month school year and retire on July 1 or August 1, **must** count the 30-day break in service from the start of the following normal school year in September.

Other situations where a retirement may not be considered "bona fide" include, but are not limited to, the following examples:

- If you make arrangements prior to your retirement to return to the same or similar public employment as a regular employee, contract employee, leased employee, or an independent contractor, the employer/employee relationship has not been completely severed — regardless of the length of any break in employment — and your retirement will be determined to be invalid. In this case you would be required to remain an active employee under the retirement system in the new position.
- If you are re-employed or appointed by the same employer to the same or a similar position that would have qualified for continued membership in the retirement system had the retirement not occurred, this may indicate that the employer/employee relationship has not been completely severed and, therefore, your retirement may be determined to be invalid. In this case you would be required to remain an active employee under the retirement system in the new position.

If your retirement is determined to be invalid (not "bona fide"), you will be required to reimburse the retirement system for the amount of any retirement benefits you receive from the date of retirement and be required to pay pension contributions in the form of back deductions going back to the date when you should have been reenrolled.

There is no limitation on the amount of reimbursement that may be recovered by the retirement system in these situations.

The information contained in the rest of this section assumes that the returning retiree has a "bona fide" retirement. If it is established at any time that the retirement was not made in good faith or that the employer/employee relationship was not completely severed, the provisions described below will not apply.

Returning to a Position under the TPAF

Membership in the TPAF is required as a condition of employment if:

- You are appointed to a teaching or staff position requiring certification and are employed on a regular basis (contract employee) in a position covered by Social Security; and
- You work at least the minimum number of hours per week required for TPAF Tier 5 enrollment (32 hours per week for State education or local education employees).

Note: If returning for fewer than 32 hours per week, see the “IRS Provisions” on page 32 about federal tax implications.

If, as a “bona fide” TPAF retiree, you accept regular employment in a position that makes you eligible for the TPAF, you **must** reenroll in the TPAF (see the exceptions listed later in this section).

Your prospective employer should be able to tell you if the employment you are considering is covered by the TPAF. However, if there is any doubt, you should have the prospective employer contact the Division of Pensions and Benefits for verification prior to your accepting any public employment after retirement. You will be responsible for any penalties imposed based on violation of the law.

Failure to Reenroll in the TPAF — If you return to employment under the TPAF and:

- You are eligible for membership but you fail to reenroll; or
- It is determined that your TPAF retirement is not “bona fide” (see page 32);

You will be required to reimburse the retirement system for the amount of all retirement benefits you receive from the date you should have enrolled, and — if still employed — reenroll in the TPAF. In addition, you will be required to pay pension contributions in the form of back deductions going back to the date you should have been reenrolled.

There is no limitation on the amount of reimbursement that may be recovered by the retirement fund in these situations.

Exceptions

Reenrollment in the TPAF is **not required** if you are a “bona fide” retiree and employed as:

- An on-call substitute;
- A permanent or long-term substitute;
- A temporary employee;
- An interim replacement for a regular employee on approved leave of absence; or
- You work less than the minimum number of hours per week required for enrollment under TPAF Tier 5 membership (32 hours per week for State education or local education employees — see “IRS Provisions” on page 32 about federal tax implications and special rules for “Disability Retirees Restored to Active Service” on page 34).

Generally, non-certificated personnel are ineligible for TPAF membership. Temporary, seasonal, or substitute teachers employed on a temporary basis are also ineligible. All other teachers whose positions require certification are required to participate in the TPAF even if paid on an hourly or per diem basis.

Certificated Superintendents and Administrators — In accordance with N.J.S.A. 18A:66-53.2(b), a TPAF retiree who is a certificated superintendent or certificated administrator is exempt from the reenrollment provisions of the TPAF if:

- The retiree is employed by the New Jersey Department of Education in a position of critical need as determined by the Commissioner of Education; or
- The retiree becomes employed by a board of education as a certificated superintendent or administrator on a contractual basis for a term of not more than one year. A retired certificated superintendent or administrator who is employed by a board of education will be able to renew the employment contract for one additional year; however, the retiree’s total period of employment with any individual board of education may not exceed a two-year period.

In addition, N.J.S.A. 18A:66-53.2(b) requires that TPAF cancellation of retirement and reenrollment provisions will apply if a retiree accepts employment within 120 days of retirement with the same employer from which he or she retired.

Retirees Serving in Elected Office — Under N.J.S.A. 43:3C-3, a *bona fide retired member* (see page 32) of a State-administered retirement system who is elected to public office may either continue to receive a retirement benefit from the former employment and would not be eligible for enrollment in the new retirement system, **or** may suspend the retirement benefit (and any related health benefits coverage) from the former employment and enroll in the new retirement system while serving in the elected office. Upon termination of the elected office, the retirement benefit from the former employment would be reinstated.

Reenrollment in the TPAF — If required to reenroll, your date of reenrollment is determined under the general enrollment procedures of the TPAF (see “Enrollment” on page 2) and you are treated as a new active TPAF member in all respects. **You will be enrolled in a new TPAF account under the “membership tier” in effect at the time you return to employment** (see special rules for “Disability Retirees Restored to Active Service” below).

If reenrolled, your retirement allowance and any related health benefits will be canceled for the duration of your employment. If you die while in the second membership, no benefits from the previous membership or retirement are payable (except for the return of any uncollected contributions). This includes optional settlements and death benefits. (If you are over age 60, you must prove insurability for life insurance coverage.)

Retiring for a Second Time — When you retire again, you must meet the retirement qualifications of your TPAF membership tier and file an *Application for Retirement Allowance* with the Division of Pensions and Benefits before any benefits can be paid. In no case will retirement benefits be paid retroactively for a period prior to receipt of the application.

Upon application, the first retirement allowance is restored and a second retirement allowance is calculated based solely on your second membership. Each retirement account stands alone and cannot be combined to provide a larger benefit or another type of benefit. The two calculations will be paid in separate retirement checks.

Returning to Work in a Position Covered by a New Jersey State-administered Retirement System Other than the TPAF

In this case, provided that you are a “bona fide” retiree, your retirement allowance continues and you can receive salary but you cannot become a member of that retirement system (see “IRS Provisions” on page 32 for federal tax implications).

Disability Retirees - Earnings after Retirement

A disability retirement allowance may be adjusted if you have earnings from **any** occupation or employment (public or non-public) after retirement. If your pension, when added to the earnings from other employment, exceeds what your former position currently pays, the law states that the disability pension shall be reduced dollar for dollar by the excess earnings above what the former position currently pays. TPAF disability retirees are subject to an annual earnings test and the Division of Pensions and Benefits may request copies of your federal tax returns, *Form W-2*, and *Form 4506T*.

Disability Retirees Restored to Active Service

If you retired on a TPAF disability retirement *but are no longer disabled*, before you can return to active service in a TPAF eligible title with any public employer, you must first prove to the satisfaction of the Board of Trustees that you are no longer disabled. If approved to return to active service in a position covered by the TPAF, **your original TPAF account and “membership tier” are restored** — provided that you earn the minimum annual salary required for enrollment in your original TPAF membership tier (see “Eligibility Criteria” on page 2). When membership is restored, deductions for pension resume and you are treated as an active member in all respects.

Upon subsequent retirement, you must meet the retirement qualifications of your TPAF membership tier and file an *Application for Retirement Allowance* with the Division of Pensions and Benefits before any benefits can be paid. You will receive a benefit based on total service.

Health Benefits Coverage

Returning to public employment in New Jersey may affect your eligibility to continue coverage under the School Employees’ Health Benefits Program

(SEHBP) or the State Health Benefit Program (SHBP). If your retirement allowance is canceled because you return to work in a position covered by the TPAF, your retired SEHBP or SHBP coverage is also canceled until you retire again. Returning to a position not covered by the TPAF will not affect your eligibility for SEHBP or SHBP retired group coverage, provided that the other coverage is not also through the SEHBP or SHBP — multiple SEHBP/SHBP coverage as **both** a retiree and an employee is prohibited.

Social Security Earnings Test

There is an earnings test for people receiving Social Security benefits under the normal retirement age (age 65 to 67 depending on year of birth). Check with the Social Security Administration at 1-800-772-1213 for information on their earnings limit before accepting employment after retirement.

**ACTIVE AND RETIRED
DEATH BENEFITS**

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. There is no cost to you for this coverage.
- **Contributory Group Life Insurance** is life insurance for which you pay. The cost of the insurance is 0.4% (.004) of your base salary.

Note: The employer pays the contributory group life insurance premium for covered TPAF members who are age 70 and older.

The law requires that you must be covered by contributory insurance for the first 12 months of your membership. After the 12 months have elapsed, you may voluntarily withdraw from contributory insurance coverage if you wish. A properly completed *Notice of Withdrawal from Contributory Group Life Insurance* must be filed with the retirement system before contributory coverage can be canceled. The cancellation cannot be retroactive. **Once you have canceled this coverage, you cannot be reinstated during your current membership nor**

are your premium deductions refunded. (Withdrawal from contributory insurance coverage applies **only** to the membership under which the cancellation is exercised. A member who cancels contributory insurance coverage and then withdraws from membership in the TPAF shall, upon subsequent reenrollment in the TPAF, will be subject to new contributory life insurance coverage.)

Employees who are age 60 or older at the time of enrollment, or who have converted their insurance to a private policy and returned to work, are **ineligible** for both noncontributory or contributory group life insurance coverage until they take and pass a medical examination.

Both noncontributory and contributory group life insurance are covered by policies issued by the insurance carrier (Prudential Financial).

The amount of death benefits paid to your beneficiaries at your death depends on three factors:

- Your membership status at the time of death;
- Your salary; and
- Your age (if you are a disability retiree).

Coverage for Active Members

When an active member dies, not as a result of an accident during regular or assigned duties (see "Accidental Death Benefit" on page 40), the named beneficiaries are entitled to the payment of group life insurance benefits and the return of the member's accumulated pension contributions with interest.

Active Group Life Insurance Amounts

Age at Death	Member with Noncontributory Insurance Only	Member with Both Noncontributory and Contributory Insurance
Any age	1½ times salary	3½ times salary

Note: The definition of salary in this chart is the total base salary upon which your pension contributions were based during the year preceding your death during active service. If death occurs within the first year of enrollment, the amount of the noncontributory insurance is based on the base salary earned until the date of death. The amount of contributory insurance, however, is based on the full annual base salary.

Coverage for Retired Members

Life insurance for retired members of the TPAF who enrolled on or after July 1, 1971, is payable only if the member retired with 10 or more years of pension service credit or retired on a disability retirement.

When a retired member dies, the named beneficiaries are entitled to the payment of any group life insurance benefits. Pension option beneficiaries are selected separately by the member at the time of retirement (see "Optional Settlements at Retirement" on page 22).

Retired Group Life Insurance Amounts

Type of Retirement	Member with Noncontributory Insurance Only		Member with Both Noncontributory and Contributory Insurance	
	Death Before Age 60	Death After Age 60	Death Before Age 60	Death After Age 60
	Disability	1½	3/16	1¾
Early & Veteran	3/16	3/16	7/16	7/16
Deferred	None	3/16	None	7/16
Service	N/A	3/16	N/A	7/16

Note: The fractions shown above are multiplied by the total base salary upon which pension contributions were based during the year preceding retirement or the highest contractual year.

Choosing a Beneficiary

When a member is enrolled in the TPAF, the new member's estate is the beneficiary on record until the Division of Pensions and Benefits receives a new and properly completed *Designation of Beneficiary*.

- **Active members can complete the *Designation of Beneficiary* online using the Member Benefits Online System (MBOS).**

See page iv for more information about registering for MBOS.

- Members may also mail a *Designation of Beneficiary* form to the Division of Pensions and Benefits. The form is available under "Forms and Publications" on the Division's Web site at: www.state.nj.us/treasury/pensions

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 name any person, organization, your estate, or trust as beneficiary. You may change your designation at any time during your active membership by submitting a new and properly completed *Designation of Beneficiary*.

At retirement, you are asked on your *Application for Retirement Allowance* 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 pension benefits (see "Optional Settlements at Retirement" on page 22), however, you may name any person, organization, your estate, or trust as beneficiary for group life insurance benefits.

- The designation of a beneficiary on an *Application for Retirement Allowance* that is filed with and accepted by the Division of Pensions and Benefits supersedes any older designation of beneficiary on file. The designation is effective upon acceptance by the Division, 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 and properly completed *Designation of Beneficiary*.

The *Designation of Beneficiary* form can be obtained on the Division's Web site at:

www.state.nj.us/treasury/pensions

or by contacting the Division of Pensions and Benefits.

Note: Beneficiary information for retirees is not available on MBOS.

If you have additional questions regarding designations, please see Fact Sheet #68, *Designating a Beneficiary*.

For your protection, beneficiary designations cannot be accepted or confirmed over the telephone or by e-mail. Active employees can verify beneficiary designation on MBOS. Otherwise, the Division will only accept a written request from the member.

Payment of Group Life Insurance

Group life insurance benefits for active members can be paid in one of several ways (group life insurance for retirees must be paid in a lump sum). The options are:

- **Lump Sum** — A single payment to your beneficiary.

- **Annuity Certain** — Equal installments over a selected period of years.
- **Life Annuity** — Paid monthly to your beneficiary for life.

Death benefits cannot be paid until all the necessary information and claim forms have been received from your beneficiary by the Division of Pensions and Benefits.

To report a death, contact the Office of Client Services at (609) 292-7524.

Taxation of Group Life Insurance Payments

Information regarding death claim payments are supplied to the New Jersey Division of Taxation, in accordance with their requirements. A beneficiary or beneficiaries may be considered by the Division of Taxation to be personally liable for any and all inheritance and/or estate taxes until paid.

Group Life Insurance and Leave of Absence

Your 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 while on an official leave of absence for personal illness. In this case, contributions are not necessary to continue coverage under the contributory plan.
- 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 to continue coverage under the *contributory* plan (see note).
- Up to 93 days while on official leave for personal reasons (also family leave). In this case, contributions 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 to the Division of Pensions and Benefits a completed *Personal Insurance Contribution Remittance* card and a check made payable to "TPAF CGIPF". The amount due to cover the premium is 0.004 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 Division. The *Personal Insurance Contribution Remittance* card is available from your employer or on the Division's Web site at:

www.state.nj.us/treasury/pensions

Taxation of Group Life Insurance Premiums

The Internal Revenue Service 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 rather 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 life insurance coverage to your contributory life insurance 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 chart below) and your salary. The premiums you pay for your contributory life insurance coverage (.004 x salary) are subtracted from the premium costs determined by the IRS. The remaining premium cost (if any) is the taxable amount and is added to your income on the *Form W-2* for that year.

IRS Premium Rates*	
as of 7/1/99	
(Annual cost per \$1,000 of coverage)	
<u>Age</u>	<u>Premium</u>
Under age 25	\$ 0.60
25-29	0.72
30-34	0.96
35-39	1.08
40-44	1.20
45-49	1.80
50-54	2.76
55-59	5.16
60-64	7.92
65-69	15.24
70 and older	24.72

*These rates are subject to change by the IRS.

EXAMPLE: A TPAF member is age 52 and has both contributory and noncontributory life insurance coverage.

The member's annual base salary is \$60,000. The member's life insurance coverage totals \$210,000 (3.5 x \$60,000).

The fringe benefit amount is determined by subtracting \$50,000 from the total benefit amount, \$210,000. That equals \$160,000 (\$210,000 - \$50,000).

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 \$441.60 (160 x \$2.76).

Under the TPAF, members pay premiums equal to 0.4% of base salary for contributory life insurance coverage. In this example the member pays \$240.00 per year for life insurance coverage (.004 x \$60,000).

The net taxable value of the premiums is \$201.60 (\$441.60 - \$240.00) and would be added to this member's Form W-2. This does not mean that the member would pay an additional \$201.60 in taxes but that \$201.60 would be added to the member's taxable wages for the year.

Waiving Noncontributory Group Life Insurance over \$50,000

TPAF members are permitted to waive their noncontributory group life insurance over \$50,000 to avoid a possible federal and State tax liability on that benefit.

Waivers of partial amounts are not permitted. Any member who waives noncontributory group life insurance, must waive the total amount of noncontributory coverage in excess of \$50,000.

Even if a member waives the noncontributory group life insurance over \$50,000, there still may be a federal tax liability for some TPAF members who have contributory group life insurance coverage.

In the example shown above, the member's noncontributory life insurance coverage equals \$90,000 (1.5 x \$60,000). In this example the member could waive \$40,000 of noncontributory life insurance coverage because members are only permitted to waive noncontributory life insurance coverage over \$50,000. The net taxable value would be reduced to \$91.20 by subtracting the premium for \$40,000 (\$110.40) from the taxable premium shown above (\$201.60 - \$110.40).

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 Division of Pensions and Benefits. The form is available from the Division of Pensions and Benefits or your employer. The waiver form must be received by the Division of Pensions and Benefits 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 a reinstatement form to the Division of Pensions and Benefits. 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 life insurance. For more information, refer to Internal Revenue Service *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 expense, when you retire, terminate employment, or lose coverage while on a leave of absence without pay.

Conversion to a Prudential policy is guaranteed (you cannot be denied coverage for health or other reasons), but it may be more expensive or less suitable to your needs than other policies for which you may qualify from Prudential or other insurance carriers. You should consider contacting other insurance carriers and compare the available policies and costs before you decide to purchase the conversion policy. (Other carriers may accept or reject your application based on their evaluation of the status of your health and other factors.)

If you wish to purchase a conversion policy, you have a one-time option to do so prior to the 31st day after you cease employment. After that date, you will not be eligible to purchase a conversion policy.

You may convert your life insurance to any individual, non-group policy customarily offered by Prudential. You cannot convert to term insurance or a policy containing disability benefits. Under a guaranteed conversion, the premiums you would pay would be at Prudential's "standard" rates for the type of policy to which you would be converting rather than the "preferred" rates that would be used for applicants in good health. The individual policy will be effective at the end of the 31 day conversion grace period. If you do not convert to an individual policy by the end of the 31 day period, your coverage will end.

To initiate the purchase of a conversion policy, you must contact Prudential Financial through any of its local offices, or by calling 1-877-889-2070 or 1-800-262-1112 (do not contact the Division of Pensions and Benefits about conversion).

You will need to provide your group insurance policy numbers, as follows:

- **G-14800** — This is the policy number for the basic (noncontributory) group life insurance for the TPAF.
- **G-14300** — This is the policy number for the contributory group life insurance for the TPAF.

The conversion policy can be for any amount of insurance up to the amount you had while employed. In the case of a retirement, the maximum amount you can purchase will be reduced by the amount of any life insurance you will automatically receive in retirement under your retirement plan.

To protect your conversion privilege it is suggested that you send your application for conversion to Prudential with at least one month's premium, at the time you file your retirement application with the Division of Pensions and Benefits (however, you cannot file to convert your life insurance any earlier than six months prior to your retirement date).

The following sections provide more detailed information about conversion policies for the specific situations of retirement, termination of employment, leave of absence, and return to public employment.

Conversion: At Retirement

Service, Early, or Veteran Retirement — If you retire with **10 or more years** of service credit in the retirement system, the amount of your group life insurance will be substantially reduced when you retire. You will automatically be covered by this insurance and do not need to do anything to qualify. The amount of your coverage and the amount available for conversion will be listed in the *Quotation of Retirement Benefits* that you will receive prior to your retirement.

If you retire on a service retirement with **less than 10 years** of service credit in the retirement system, you will not be entitled to any group life insurance in retirement.

The reduction (or elimination) of your life insurance coverage will be effective 31 days after your termination of employment or date of retirement, whichever is earlier. If you wish to supplement this coverage with either a conversion policy from Prudential or another type of policy from either Prudential or another insurance carrier, it would be best to begin exploring your options at least four months prior to your retirement.

EXAMPLE: *If you had group life insurance of \$168,000 through the retirement system while employed, and that life insurance coverage drops to \$73,500 at retirement, you can purchase up to \$94,500 in life insurance coverage under an individual non-group policy by contacting a Prudential agent within 31 days following your termination of employment.*

Deferred Retirement — If you retire on a Deferred Retirement, your life insurance coverage will end 31 days after termination of employment. Any life insurance coverage to which you are entitled upon retirement will not take effect until you reach age 60 if you are a **Tier 1** or **Tier 2** member, or age 62 if you are a **Tier 3** or **Tier 4** member, or age 65 if you are a **Tier 5** member, and begin to receive retirement benefits.

You have the one-time option to purchase a conversion policy prior to the 31st day after termination of employment (not at the time that you reach normal retirement age). The maximum amount of coverage that you may purchase will be the difference between the amount of coverage you had while employed and the amount of coverage that you will automatically receive when you begin to receive retirement benefits.

Disability Retirement — Your life insurance coverage will continue while your disability retirement benefits are being processed provided that the retirement application was filed within 30 days of ending your employment. You do not need to make contributions to the contributory plan during this time (if you are on a leave of absence during this time, see “Conversion: Termination of Employment or Leave of Absence” below).

If you are approved for a disability retirement and had life insurance coverage in effect while an active employee, you will automatically be covered by non-contributory group life insurance until you reach age 60. The amount of this coverage will be $1\frac{3}{4}$ times your highest contractual year's salary if you are covered by contributory life insurance or $1\frac{1}{2}$ times that salary if you are covered by the noncontributory life insurance only. At age 60, your life insurance coverage reduces to $\frac{7}{16}$ of your highest contractual year's salary if you are covered by contributory life insurance or $\frac{3}{16}$ of that salary if you are covered by the noncontributory life insurance only.

You will have the option to purchase a conversion policy up until the day you reach age 60. The maximum amount of coverage that you may purchase will be the difference between the amount of noncontributory coverage you had while employed and the amount of coverage that you will automatically receive when you reach the age of 60.

If you also had contributory life insurance while employed, you may convert the amount of your contributory insurance until 31 days after termination of employment. Whether or not you exercise this option, you will still have the option to convert the noncontributory portion of your life insurance up until the day that you reach age 60.

Conversion: Termination of Employment or Leave of Absence

If you terminate employment without applying for retirement or your insured period during a leave of absence expires, you will continue to be covered for the next 31 days. Up until the end of that 31-day period, you may convert your group life insurance, without medical examination, to any individual policy customarily offered by Prudential except term insurance or a policy containing disability benefits.

EXAMPLE: *If you had group life insurance of \$96,000 through the retirement system while employed, that coverage is eliminated at termination of employment. You can purchase up to \$96,000 in life insurance*

coverage under an individual non-group policy by contacting a Prudential agent before 31 days following your termination of employment.

Conversion: Return to Public Employment

If you return to public employment after the purchase of a conversion policy, you must discontinue your individual conversion policy. If you do not, you will be required to submit satisfactory proof of insurability before you can be covered again in full under a group life insurance policy.

Group Life Insurance Coverage while Receiving Workers' Compensation without Pay

If you are disabled due to an illness or injury that is a direct result of your regular job duties, you may be out of work on an official leave of absence for illness. If so, your contributory and noncontributory group life insurance will automatically continue for the duration of the leave of absence, up to two years, and will be paid for by your employer.

During the interval between the time you are without pay and the actual receipt of the Workers' Compensation award, you must be on an official leave of absence granted by your employer.

ACCIDENTAL DEATH BENEFIT

If you die as a result of an accident during the performance of your regular or assigned duties, and your death is not a result of willful negligence, your eligible beneficiaries may be entitled to an Accidental Death Benefit (in addition to any group life insurance benefit, see page 35).

- **Chapter 23, P.L. 2009**, provides an Accidental Death Benefit to eligible beneficiaries of an active TPAF member who dies as a result of service in either the reserve component of the Armed Forces of the United States or the National Guard while on federal active duty on or after June 1, 2008. The benefit is the same as if the member died as a result of an accident sustained in the performance of TPAF duties.

If an Accidental Death Benefit is approved by the Board of Trustees, your widow, widower, civil union partner, or eligible domestic partner (see definitions on page 41) is paid an annual pension of 50% of your Final Salary. This benefit is a lifetime benefit to your widow, widower, or partner unless he or she remarries or enters into a new civil union or domestic partnership.

If there is no eligible widow, widower, or partner or if the widow, widower, or partner remarries or enters a new civil union or domestic partnership, a pension is paid to your eligible children in these amounts:

- 50% of Final Salary to three or more eligible children, shared equally;
- 35% of Final Salary to two eligible children, shared equally; or
- 20% of Final Salary to one eligible child.

If there is no eligible widow, widower, partner, or children, a pension will be paid to your eligible dependent parent(s) in these amounts:

- 25% of Final Salary to one eligible parent; or
- 40% of Final Salary to two eligible parents.

'Final Salary' is the total base salary on which your pension contributions were based during the last year (10 or 12 months) before your death or the accident which led to your death.

Your **eligible beneficiaries** for an Accidental Death Benefit are:

- **Widow or Widower** — A person of the opposite sex to whom you were married before the date of death and to whom you continued to be married until the date of your death, and who was receiving at least one-half support from you in the 12 months immediately preceding your death or the accident which led to your death. A photocopy of the *Marriage Certificate* is required for verification.
- **Civil Union Partner** — A person of the same-sex as defined by Chapter 103, P.L. 2006, with whom you were partnered in a civil union until the date of your death and who was receiving at least one-half support from you in the 12 months immediately preceding your death or the accident which led to your death. 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 (see Fact Sheet #75, *Civil Unions*, for details).
- **Domestic Partner** — A person of the same-sex as defined by Chapter 246, P.L. 2003, with whom you were partnered in a domestic partnership until the date of your death and who was receiving at least one-half support from you in the 12 months immediately preceding

your death or the accident which led to your death. **For an employee or retiree of a local public entity**, the local entity's governing body must have adopted 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 (see Fact Sheet #71, *Benefits Under the Domestic Partnership Act*, for details).

- **Child(ren)**, which means your unmarried child(ren):
 - Under the age of 18; or
 - Of any age who at the time of your death is disabled because of mental or physical incapacity and is incapable of substantial gainful employment because of the impairment. This incapacity must last or be expected to last for a continuous period of not less than 12 months as affirmed by the Medical Board.
- **Parent** which means your parent(s) who was(were) receiving at least one-half support from you in the 12 months immediately preceding your death or the accident which led to your death. If your parent remarries after your death, benefits cease.

WITHDRAWAL FROM THE RETIREMENT SYSTEM

When Membership Ends

Your active membership in the TPAF ends 30 days after your retirement date or 30 days after the approval of your retirement by the TPAF Board of Trustees, whichever is later; or if:

- You die;
- You end your employment and withdraw your contributions from the TPAF; or
- If you have not been contributing to the retirement system for two consecutive years.
 - If you have *less than* 10 years of TPAF service credit, two consecutive years is the limit for inactive membership before a TPAF account is expired (see "Expired Accounts" on page 42).

- If you have *10 years or more* of TPAF service credit, your TPAF account is vested. This means that you are guaranteed the right to receive a retirement benefit based on that service and salary (see “Vesting” on page 6). However, two consecutive years remains the limit for inactive membership. If you return to TPAF covered employment after two or more years without a payroll contribution, you will be re-enrolled in a new TPAF account under the membership tier in effect at the time that you return.

Terminating Employment

If you terminate employment before you are eligible to retire, your options regarding your TPAF account vary depending on your vesting status at the time of your termination (see “Vesting” on page 6).

If you are vested when you terminate employment, you can apply for a Deferred Retirement, with payments to begin at age 60 if you are a **Tier 1** or **Tier 2** member, age 62 if you are a **Tier 3** or **Tier 4** member, or age 65 if you are a **Tier 5** member, (see “Deferred Retirement” on page 18).

If you are not vested before you terminate employment, you will not be eligible to receive a monthly retirement benefit before your account expires — unless you are age 58 or older if a **Tier 1** or **Tier 2** member, age 60 or older if a **Tier 3** or **Tier 4** member, age 63 or older if a **Tier 5** member, or eligible for an Accidental Disability Retirement benefit.

If you terminate employment before vesting, you can choose to:

- Make an immediate withdrawal of your contributions; or
- Leave your contributions on deposit with the TPAF and retain all the service credit you have earned, in the event you return to covered employment and resume membership. As a general rule (see “Exceptions” listed later in this section), if you do not resume active membership within two consecutive years, your account will automatically expire and you will be requested to withdraw your contributions.

If your account expires or you elect to voluntarily withdraw your personal contributions, all service credit under this membership is canceled. If you later

return to TPAF covered employment, you may be eligible at that time to purchase the service (see “Purchasing Service Credit” on page 7) and have it credited to your new account.

Expired Accounts

If your membership has been inactive for 18 consecutive months, you are not vested, and you have not filed for and received a withdrawal of contributions, the Division of Pensions and Benefits will send an *Expiration Notice* to your last known address (and a copy to your last employer in case they have a more current address). The *Expiration Notice* is a reminder that your money is still being held in the retirement system. When notified, you should submit an *Application for Withdrawal* since contributions left in the system for over two years do not accrue interest.

If two consecutive years have passed and the Division of Pensions and Benefits has been unable to contact you — or you do not reply to the *Expiration Notice* by submitting an *Application for Withdrawal* — **your account will expire.**

Should you return to covered employment *before* the two-year period ends, you have the option of reinstatement, an Intrafund Transfer, or an Interfund Transfer if you otherwise qualify (see “Transfers” on page 5).

Should you return to covered employment *after* your account has expired or you have withdrawn your account, you will be treated as a new member in all respects. Service credit from a former membership may be purchased by members returning to the retirement system after you complete the withdrawal of money from a former account.

Exceptions

Your TPAF membership will not end two years after your last contribution if:

- You are granted an official leave of absence beyond the two-year period. If your leave of absence extends beyond two years, your two-year inactive period will not begin until your leave of absence ends;
- You lose your job through no fault of your own, either laid off or your position is abolished. Your inactive membership can be extended up to 10 years for the purpose of return to employment.

For an extension to be granted in these cases, you must submit documentation from your employer showing that your leave of absence was officially extended **or** that your employment was not terminated voluntarily or for cause.

This extension **only** gives you the right to retain your contributions and service credit in the retirement system should you again obtain public employment. It gives you no other right to benefits. Therefore, you cannot qualify for a retirement benefit unless you return to TPAF employment during the period of extended inactive membership in order for your account to be reactivated. You would then be eligible to apply for a retirement allowance provided that you meet all other qualifications for retirement under your membership tier.

EXAMPLE: *If you were age 55 with five years of service credit at the time of layoff, your account could remain inactive for reemployment purposes until you reach age 65; however, you would not be able to qualify for retirement benefits unless you returned to active employment before filing for retirement.*

Note: If you return to TPAF employment *after the end* of an extended inactive membership (more than two years after the end of an approved leave of absence **or** more than ten years after losing your job through no fault of your own), your account will have expired and you will be enrolled in the TPAF membership tier in effect when you return.

Withdrawing Contributions

If you terminate covered employment before retirement, you may withdraw all of your contributions with two percent interest, less any outstanding loan balance or other obligations. No interest is paid if you were a member for less than three years. You may withdraw only the money you have contributed and partial withdrawals are not permitted. **Upon your withdrawal, all rights and privileges of membership end.**

Since the employer/employee relationship must be severed, no withdrawal will be paid if there are unresolved legal matters concerning your termination of employment.

Multiple members (see page 4) cannot withdraw their contributions until they have terminated employment in every position covered by the TPAF.

All withdrawal requests must be submitted using the *Application for Withdrawal* program of the Member Benefits Online System (MBOS).

MBOS provides registered members with fast, efficient processing of a withdrawal. You receive immediate confirmation and a follow-up e-mail that your application has been received.

Information on using MBOS and the *Application for Withdrawal* can be found in the *MBOS Users' Guide*, available on MBOS and on the Division's Web site at: www.state.nj.us/treasury/pensions

See page iv for more information about registering for MBOS.

If, after following the MBOS registration instructions, you still need assistance registering for MBOS, call the MBOS Help Desk at (609) 777-0534 or send an e-mail with the subject line "MBOS E-mail" to: pensions.nj@treas.state.nj.us

- **Exception to the MBOS Application for Withdrawal** — While TPAF members are required to process withdrawal applications through MBOS, members are not able to register or log onto MBOS once the account has expired. This usually occurs after two consecutive years have passed without a pension contribution (see "Expired Accounts" on page 42). Members with expired accounts can still withdraw their contributions, but must write or send e-mail to the Withdrawal Section of the Division of Pensions and Benefits. In any correspondence members should include their full name, pension membership number or Social Security number, a current mailing address, and e-mail address. Upon determination of the status of the account, the Division will provide additional instructions to the member for completing the withdrawal.

Please note that this is the **only** circumstance where a paper withdrawal application may be permitted. Limited access to a computer or a member's reluctance to use MBOS are not considered sufficient circumstances for accepting a paper withdrawal application for processing. Any paper *Application for Withdrawal* received by mail will not be processed and the member will be mailed instructions on submitting the request through MBOS.

In accordance with federal law, income tax must be withheld on certain pension distributions that produce an annual taxable income of \$200 or more unless the taxable amount is directly rolled over into an individual retirement arrangement (IRA) or a new employer's retirement plan (if applicable). To qualify,

this direct rollover must occur within 60 days of the withdrawal check date. If payment is made directly to you, the taxable portion is subject to 20% federal income tax withholding. In addition, if you receive payment before you reach age 59½ and you do not roll over the taxable amount, you may have to pay an extra tax equal to 10% of the taxable portion of any payment. If you have any questions concerning this federal law, call the Internal Revenue Service at 1-800-829-1040.

You may call the Division of Pensions and Benefits Automated Information System at (609) 292-7524 for general information concerning withdrawals or information pertaining to your particular withdrawal claim. If you are a **Tier 1** or **Tier 2** member age 60 or older, a **Tier 3** or **Tier 4** member age 62 or older, or a **Tier 5** member age 65 or older, and have 10 years or more of service credit when you file for withdrawal, you must waive any rights you have to a retirement or death benefit. At the time you apply for withdrawal, the Division will indicate how to obtain an estimated amount of any retirement benefit and will require a signed waiver of such benefits, should you still wish to withdraw.

No withdrawal application can be processed until all the necessary information has been received from you and your former employer.

WORKERS' COMPENSATION

As long as you are receiving Workers' Compensation benefits (either temporary or permanent), you retain the same status as an active member. You cannot withdraw from the TPAF while you are receiving Workers' Compensation, have a claim pending, or are involved in litigation regarding Workers' Compensation unless the employer/ employee relationship is severed and you complete a waiver of retirement benefits. Your employer is obligated by statute to pay your pension contribution based on the full salary you were receiving immediately before you start receiving Workers' Compensation benefits, even if the total compensation you receive is less than 100% of your full salary.

Your employer is not obligated to make voluntary contributions such as loans or purchase arrears payments.

Note: N.J.S.A. 18A:66-53j provides that a TPAF member receiving Workers' Compensation is not required to make contributions for continuation of **contributory** group life insurance.

The employer's obligation to make pension contributions for members receiving Workers' Compensation ceases when:

- The employee voluntarily files for a retirement allowance that is subsequently approved;
- The employer files an involuntary disability retirement application for the employee that is subsequently approved;
- The employee voluntarily resigns from employment for reasons other than the inability to perform the job's functions due to the incident that was the basis for the Workers' Compensation claim; or
- The employee is terminated by the employer for reasons unrelated to a Workers' Compensation award.

If you are approved for Ordinary Disability Retirement benefits and receive a Workers' Compensation award, your Workers' Compensation award may be reduced by the amount of your Ordinary Disability Retirement benefit.

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 Fact Sheet #45, *Workers' Compensation*.

APPEALS

If you wish to appeal any administrative decision of the Division of Pensions and Benefits, address your appeal to:

**Secretary to the Board of Trustees
Teachers' Pension and Annuity Fund
Division of Pensions and Benefits
PO Box 295
Trenton, New Jersey 08625-0295**

Your appeal to the Board of Trustees must include a copy of the administrative decision, a detailed explanation of your basis for disagreement with the decision, and all supporting documentation that you wish to be considered by the Board.

If your appeal concerns a *denial of membership* it will be automatically transmitted as a contested case to the Office of Administrative Law (OAL).

Appeals on other topics are addressed by the Board of Trustees which will issue a written determination.

If you disagree with the determination of the Board of Trustees, you may request a formal hearing before an Administrative Law Judge within the Office of Administrative Law (OAL), by sending a written statement to the Board of Trustees within 45 days from

the date of the Board's decision. State in detail the reasons for your disagreement with the Board's determination and submit any and all supporting documentation if you have not already done so. If no such written statement is received within the 45-day period, the determination shall be considered final.

If your request for a formal hearing is approved by the Board of Trustees, the Board will submit the matter to the OAL. Upon completion of this hearing, the Administrative Law Judge will submit to the Board an initial decision which the Board may adopt, reject, or modify. If the Board rejects or modifies the initial decision, it shall issue a detailed findings of fact and conclusions of law which will become the Board's final administrative determination and may then be appealed to the Superior Court, Appellate Division.

When the Board of Trustees reviews your request for a hearing in the OAL, it determines whether the matter involves contested facts or is solely a question of law. If the appeal involves solely a question of law, an OAL hearing is not likely to be approved. In that case, the Board shall reject your hearing request and issue detailed findings of fact and conclusions of law. These findings and conclusions will become the Board's final administrative determination and may be appealed to the Superior Court, Appellate Division.

Benefits and provisions of the Teachers' Pension and Annuity Fund are subject to changes by the legislature, courts, and other officials. While this booklet outlines the benefit and contribution schedules of the Teachers' Pension and Annuity Fund, 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.

NOTES

**TEACHERS' PENSION AND ANNUITY FUND
HANDBOOK EVALUATION FORM**

Please rate the following aspects of this handbook:

1. Explanation of the provisions of the Teachers' Pension and Annuity Fund.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excellent	Above Average	Average	Below Average	Poor

2. Ease of use (readability, ease in finding needed information, etc.).

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excellent	Above Average	Average	Below Average	Poor

3. Usefulness as a future reference.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excellent	Above Average	Average	Below Average	Poor

4. I found the following section(s) or subject(s) helpful:

5. I found the following section(s) or subject(s) confusing:

6. Questions or comments:

If you need an answer to a question, be sure to include your full name, Social Security number or TPAF membership number, a daytime telephone number, and return address:

Name: _____

SSN or Member Number: _____ Phone: _____

Address: _____

Please mail your completed evaluation form to:

**Division of Pensions and Benefits
ATTN: Publications Unit
PO Box 295
Trenton, NJ 08625-0295**

Thank you for your time and consideration in completing and returning this evaluation.

