NJDPB Pensions & Benefits
Explore Your Benefits

Employers' Pensions and Benefits Administration Manual

For the Teachers' Pension and Annuity Fund

TPAF

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Enrollments

OVERVIEW

The Teachers' Pension and Annuity Fund (TPAF) is a defined benefit pension fund established in 1919 and reorganized in 1955. It is open to employees of boards of education and the State who must be certified or credentialed as a condition of employment. Membership in the TPAF for employees who meet eligibility requirements is mandatory. The TPAF is maintained on an actuarial reserve basis. The TPAF Board of Trustees has the responsibility for the proper administration of the retirement system. All membership and retiree account records in the TPAF begin with the number 01.

EMPLOYER TRAINING

All employers, including Certifying Officers and their immediate supervisors, are expected to complete Board-approved training on proper enrollment procedures. This training is available on the New Jersey Division of Pensions & Benefits (NJDPB) website: ***www.nj.gov/treasury/pensions*** Without training and the annual certification, an employer will be unable to process new enrollments.

ELIGIBILITY

Enrollment in the TPAF is required as a condition of employment for any permanent employee who is working as a teacher or member of a professional staff; certificated by the State Board of Examiners; serving in an eligible title; earning the minimum salary per year; and working the minimum hours per week required for the membership tier applicable to their enrollment date.

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. As a general rule, if a job is a permanent, regularly budgeted position requiring State certification, and the employee possesses the required State certification, and meets the minimum salary or hourly requirements (see "Membership Tiers"), the person will be eligible for enrollment in the TPAF.

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

Those with the following certificates are eligible for enrollment in the TPAF:

- Emergency Certificate
- Provisional Certificate (only while in effect)
- Standard Certificate

Those with the following certificates are eligible for enrollment in the Public Employees Retirement System (PERS):

- Certificate of Education
- Certificate of Education with Advance Standing
- Expired Provisional Certificate (as long as the member meets all other eligibility requirements)

Common TPAF Eligible Titles

The following titles are eligible for enrollment in the TPAF if the position requires and the applicant holds a New Jersey State Certificate issued by the State Board of Examiners within the New Jersey Department of Education:

Assistant City Superintendent
Assistant Commissioner of Education
Assistant Subject Supervisor
Assistant Superintendent in Charge of Business
Board Secretary
City Superintendent
Coordinator
Coordinator for Distributive Education
County Superintendent
Director
Director, Administrator, or Supervisor of Guidance and Student Personnel Services
General Elementary Supervisor
General Supervisor of Instruction
Guidance and Placement Counselor
Guidance Director
Helping Teacher
Learning Disability Specialist
Librarian
Music Teacher
Principal
Recreation Director
Regular Teacher
School Administrator
School Business Administrator
School Physical Therapist
School Psychologist
School Social Worker
Speech Teacher
Speech Therapist
State Commissioner
Subject Supervisor
School Nurse
School Occupational Therapist
Superintendent
Supervising Principal
Supervisor
Teacher-Clerk
Teacher-Counselor
Vice Principal
Vocational Administrator
Vocational Supervisor
Vocational Trade and Industrial Supervisor
Vocational Trade and Industrial Teacher

Non-Eligible Titles

The following are titles that are not eligible for enrollment in the TPAF:

- Replacement teachers are eligible for Public Employment Retirement System (PERS) enrollment after one year of continuous employment; however, replacement teachers taking the place of teachers on terminal leave are eligible for TPAF membership, as long as all other TPAF eligibility requirements are met.
- Long-term substitutes are eligible for PERS enrollment on the date of hire.

- Generally, non-certificated professional personnel are not eligible for membership in the TPAF.
- Employees whose job titles focus on supporting capacities to classroom teachers (e.g., teacher's aides, classroom assistants), clerical and maintenance staff, and most non-certificated administrative positions are not eligible for membership in the TPAF, but may be eligible for PERS membership if PERS eligibility requirements are met, or DCRP membership if they earn $5,000 or more annually and all other eligibility requirements are met.
- Seasonal employees are not eligible for membership in any New Jersey State-administered retirement system.
- Temporary teachers are also not eligible for membership in the TPAF, but may be eligible for PERS or DCRP membership after one year of continuous employment.

Note on Part-Time Teachers: Prior to May 21, 2010, P.L. 1986, c. 24 had eliminated the full-time requirement for participation in the TPAF. From 1986 to May 21, 2010, part-time teachers were enrolled in the TPAF. However, effective May 21, 2010, a minimum of 32 hours per week for local employees, or 35 hours per week for State employees, must be worked in order to be eligible for TPAF enrollment.

Membership Tiers

TPAF members are classified by membership tiers, as N.J.S.A. 18A:66-4 indicates eligibility requirements for TPAF enrollment and retirement different for five distinct enrollment periods:

- Tier 1 Membership, for members enrolled before July 1, 2007, and who earn an annual salary of $500 or more;
- Tier 2 Membership, for members enrolled on or after July 1, 2007, and before November 2, 2008, and who earn an annual salary of $500 or more;
- Tier 3 Membership, for members enrolled on or after November 2, 2008, and on or before May 21, 2010, and who meet or exceed the minimum salary set for the current calendar year, subject to future adjustment;
- Tier 4 Membership, for members enrolled after May 21, 2010, and before June 28, 2011, and who work the minimum number of hours per week (fixed hours of 32 hours or more for local employees; 35 hours or more for State employees); and
- Tier 5 Membership, for members enrolled on or after June 28, 2011, and who work the minimum number of hours per week (fixed hours of 32 hours or more for local employees; 35 hours or more for State employees).

Note: Employees who qualify for Tier 4 and 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), if they earn a salary of at least $5,000 annually.

TPAF Retirees Returning to TPAF-Covered Positions

Any bona fide retiree of the TPAF who accepts employment in a TPAF-covered position must reenroll in the TPAF. If the reenrolling TPAF member is over age 60, the member must prove insurability for active Noncontributory and Contributory Group Life Insurance coverage. Upon reenrollment, the member's retirement allowance and any benefits associated with that retirement would be suspended until the member retires again. For further details, please see the *Employment After Retirement Restrictions* Fact Sheet.

TPAF ENROLLMENT THROUGH EPIC

An employer must log on to the Employer Pensions and Benefits Information Connection (EPIC), and complete the online TPAF *Enrollment Application* in order to enroll a newly hired employee in the TPAF.

Employers are reminded to enroll all newly hired employees into the TPAF promptly, so that the NJDPB can process the enrollment in a timely manner. Delayed and forced enrollments can be costly to the employer and the employee, due to interest added to back deductions.

To sign up for EPIC, visit the NJDPB website: ***www.nj.gov/treasury/pensions*** For help in completing the online TPAF *Enrollment Application* through EPIC, please refer to the *EPIC User's Guide.*

Delayed Enrollment Employer Liability

A delayed enrollment liability is generated when an employee is not enrolled in the pension system within one year after the compulsory enrollment date. When this occurs, the employer becomes liable for 50 percent of the pension contributions that the employee would have paid had he or she been enrolled in a timely manner.

Delayed Enrollment billing is calculated as follows:

- The employee's normal rate of contribution multiplied by the employee's salary equals the contribution dollar amount.
- The contribution dollar amount multiplied by the number of pays the member should have been properly enrolled equals the total amount of the liability.
- The employer is responsible for 50 percent of the liability amount; the other half is the responsibility of the employee.

Delayed Appropriation billing is calculated as follows:

- The employee's salary multiplied by the number of pays of delayed enrollment multiplied by the employer rate.

The employer liability for delayed enrollments is governed by P.L. 121, c. 121 (Chapter 121) and N.J.A.C. 17:1-3.1.

Beneficiary Designation

At the time of enrollment, the employee's estate will automatically be designated as the beneficiary for any death benefits payable. Employers should strongly encourage new employees to register to use the Member Benefits Online System (MBOS) in order to update their beneficiary information after enrollment. Please see the "Group Life Insurance Coverage" section for more information, including how a member can change his or her beneficiary information once enrolled.

The *Designating a Beneficiary* Fact Sheet is available to provide information to members requiring help in making their beneficiary selections for pension and/or group life insurance.

Exception for Certificated Superintendents, Certificated Administrators, Certified School Nurses, Teachers, and Professional Staff Providing Special Services

N.J.S.A. 18:66-53.2 provides an exemption from pension re-enrollment for certain retirees of the TPAF or PERS who are hired by the Department of Education as certificated superintendents or certificated administrators in a position of critical need, or who become employed by a local board of education as a certificated superintendent, certificated administrator, certificated school nurse, a teacher,* or a professional staff member providing special services.* However, termination of employment with a pre-arranged agreement to return to a position of critical need will not be considered a bona fide severance from employment. Certain restrictions apply. Please refer to the *Employment After Retirement Restrictions* Fact Sheet.

**Teachers and professional staff members providing special services are not subject to re-enrollment if employment commences during the 2021-2022 and 2022-2023 school years only.*

Hiring Retired Public Employees

Employers are required to submit the *Notification of Employment After Retirement* whenever hiring a retired public employee. The notification must be completed and returned to the NJDPB within 15 calendar days after the employee's date of hire. The employer must also notify the NJDPB when the employee's services have been terminated.

CONTRIBUTION RATE

The TPAF's full rate of contribution is established by the legislature by enacting or amending pension law.

Under N.J.S.A. 18A:66-29, effective on June 28, 2011, the TPAF contribution rate was increased to 7.5 percent in phases, as follows:

Pension Contribution Rate	
Month–Year	Contribution Rate
July 2011	6.50%
July 2012	6.64%
July 2013	6.78%
July 2014	6.92%
July 2015	7.06%
July 2016	7.20%
July 2017	7.34%
July 2018	7.50%

Federal Pensionable Maximum Salary

The TPAF is a qualified pension plan under the provisions of the Internal Revenue Code (IRC), Section 401(a)(17); therefore, the current federal ceiling on pensionable salary applies to the base salaries of TPAF Tier 1 members. Salary earned by a member in excess of this amount is not pensionable; that is, it may not be used in determining member contributions and benefits. For more information about this topic, please see the Internal Revenue Service (IRS) website at ***www.irs.gov***

The TPAF contribution rate for Tier 1 members is applied to the full pensionable salary, up to the federal pensionable maximum.

The TPAF contribution rate for Tier 2, 3, 4, and 5 members is applied to the pensionable salary up to a compensation limit based on the annual maximum wage for Social Security deductions. Members who earn in excess of the annual maximum compensation limit will be enrolled in the DCRP in addition to the TPAF. A contribution of 5.5 percent of the salary in excess of the limit (plus three percent from the employer) will be forwarded to a DCRP account. Annual compensation limits can be found on the NJDPB website.

Maximum Compensation

N.J.S.A. 43:15C-2 imposes a maximum compensation upon which contributions will be made for Tier 2, 3, 4, and 5 TPAF members. The maximum amount will be the amount of base or contractual salary equivalent to the annual maximum wage contribution base for Social Security, based on the Federal Insurance Contributions Act. The annual maximum compensation limit can be found on the NJDPB website.

A member whose salary reaches or exceeds this annual maximum in any year will become a participant of the DCRP, unless the member waives participation when first eligible; the TPAF member may elect to participate in the DCRP at a later time; that election will take effect on January 1 following the member's request to participate. For the amount of compensation over the maximum compensation, 5.5 percent will be deducted as a contribution for the purposes of the program. Employers will contribute three percent of the amount of employee base salary over the maximum compensation to the program.

When a TPAF member also becomes a participant in the DCRP, the life insurance and disability benefit provisions of that program will be available for that participant.

Creditable Compensation

Creditable compensation consists of pay that meets all of the following criteria:

- Pay for performance of duties required of a TPAF-covered position;
- Pay received in a regular paycheck, not in a lump-sum payment;
- Pay not specifically listed as extra compensation or as not being creditable;
- Pay received in a similar manner by everyone else in a similar situation; and

- Pay that is included in base salary from the first day it is paid.

A stipend may be considered as creditable compensation and subject to pension deductions for retirement credit, if it:

- Is included as part of the petitioner's regular payroll check; and
- Represents duties not addressed in base compensation that are integral to the effective functioning of the member's contracted position.

The creditable compensation rule does not prohibit the inclusion of longevity, holiday pay, or education pay in creditable salary. These items can be included if the payments are made as a part of each paycheck for all employees in the same collective bargaining agreement from the time they first receive the compensation.

Extra Compensation

Extra Compensation is not included in base salary. Extra compensation means individual salary adjustments granted primarily in anticipation of retirement or as additional compensation for performing temporary duties beyond the regular workday. In accordance with N.J.A.C. 17:3-4.1, "the compensation of a member subject to pension and group life insurance contributions and creditable for retirement and death benefits in the Fund shall be limited to base salary, and shall not include extra compensation." Some of the items identified as extra compensation are as follows:

- Overtime;
- Pay for extra work, duty, or service beyond the normal work day, work year for the position, or normal duty assignments;
- Bonuses;
- Lump-sum payments for longevity, holiday pay, vacation, compensatory time, sick leave, etc.;
- Any compensation which the employee or employer has the option of including in base salary;
- Sell-backs, trade-ins, waivers or voluntary returns of accumulated sick leave, holiday pay, vacation, overtime, compensatory time, or any other payment or benefit in return for an increase in base salary;
- Individual retroactive salary adjustments, or adjustments to place a member at the maximum salary range in the final year of service, where no sufficient justification is provided that the adjustment was granted primarily for a reason other than retirement;
- Increments or adjustments in recognition of the member's forthcoming retirement;
- Any form of compensation that is not included in the base salary of all employees in the same position or covered by the same collective bargaining agreement;
- Retroactive increments or adjustments made at or near the end of a member's service, unless the adjustment was made for all similarly situated personnel as a result of an across-the-board adjustment;
- Any form of compensation that is not included in a member's base salary during some of the member's service and is included in the member's base salary upon attainment of a specified number of years of service;
- Compensation paid for coaching sports, teaching summer school, working during vacation periods, and performing clerical or other duties;
- Compensation in the absence of services;
- Compensation paid for serving as a bedside instructor or for leading extracurricular activities; and
- Compensation paid for additional services performed during a normal duty assignment, which are not included in base salary.

Examples

Some examples that should clarify the subject follow:

Example #1 — *The union contract covering a group of employees stipulates that longevity will be included in base salary subject to pension deductions in the 23rd year of service. Prior to that, it will be paid outside of base salary.*

Determination: *Longevity is not considered creditable compensation because it is not pensionable when it is first received and is included in the member's base salary upon attainment of a specified number of years of service.*

Example #2 — *Longevity is paid to employees beginning in their fifth year. At that time, the employee gets to make an irrevocable decision as to whether to have the longevity pay included in base salary subject to pension deductions for his entire career.*

Determination: *The longevity is not creditable compensation because its inclusion in base salary is voluntary.*

Example #3 — *Longevity is paid to employees beginning in their fifth year and is included in base salary subject to pension deductions throughout the employees' careers.*

Determination: *Longevity is creditable compensation because it is paid to all employees in a similar situation and is included in base salary from the first time it is paid.*

Example #4 — *A member in his final year of service is due $100,000 for unused vacation and sick pay. The member agrees with the employer to accept $50,000 included in base pay subject to pension deductions as payment for this time.*

Determination: *The $50,000 is not creditable compensation as it is a trade-in or sell-back.*

Example #5 — *A member is covered under a bargaining agreement that does not include longevity as creditable compensation. The member is promoted and now falls under a different bargaining agreement. This agreement does include longevity as creditable compensation for all employees under that agreement.*

Determination: *Longevity for the newly promoted member is considered creditable compensation because it is creditable for everyone who is similarly situated, i.e., covered under the same bargaining agreement.*

Board Review

The Board of Trustees may question the compensation of any member or retiree to determine if all of the reported salary is creditable whenever there is evidence that there may be extra compensation included in the base salary. If the Board determines that there is extra compensation included in the base salary, all employees and retirees affected by that contract will have their contributions on that extra compensation refunded without interest. Retirees will have their retirement benefit recalculated. Contributions remitted by the employer will not be refunded and will be retained in the retirement fund. A statement as to the creditability of salary in a negotiated union agreement is not binding on the TPAF Board of Trustees and has no effect on the Board's decision on the inclusion of that salary as pensionable compensation. N.J.S.A. 34:13A-8.1 states that negotiations cannot annul or modify any pension statute or statutes. The New Jersey Supreme Court has upheld this law and stated that public pensions are sacrosanct, i.e., they are not subject to collective bargaining agreement. The Board of Trustees is the authority on whether compensation is creditable or not for pension purposes.

To assist the TPAF Board of Trustees in fulfilling its obligations to the retirement system and its membership, and assist employer compliance with the pension statutes, the NJDPB will periodically request employers to provide a copy of negotiated contracts. The NJDPB will review those contracts to help ensure that compensation practices do not violate creditable compensation guidelines.

Back Deductions

Back deductions are mandatory pension contributions subject to IRC Section 414(h). They are the pension obligations owed from the date of enrollment or transfer to the date deductions are certified to begin.

Back deductions are calculated on the member's current annual salary, regardless of when the member is enrolled. If back deductions are owed for a time period exceeding 12 months, system interest is added.

TPAF Deductions are Tax Deferred

Since January 1, 1987, mandatory pension contributions have been federally tax deferred. Under the 414(h) provisions of the IRC, this reduces a member's 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.

CERTIFICATION OF PAYROLL DEDUCTIONS

When enrollment processing is complete, you will receive a *Certification of Payroll Deductions* indicating when to begin deductions, the rate of contribution, and any back deductions.

Note: Deductions, including regular pension contributions and back deductions, may begin only when a *Certification of Payroll Deductions* is received from the NJDPB.

INTERFUND AND INTRAFUND TRANSFERS

Interfund Transfers

Interfund Transfers are for employees who change jobs and accept positions that require enrollment in a different retirement system. This applies even if the employer remains the same.

Statutes permit any member of a different New Jersey State-administered retirement system (PERS, Police and Firemen's Retirement System (PFRS), State Police Retirement System (SPRS), etc.) the option to transfer membership into the TPAF if the member obtains a TPAF-eligible position.

For example, if a teacher's aide (PERS) accepts a position in a neighboring school district as a regularly appointed classroom teacher (TPAF) and ceases to work as an aide, he/she may be eligible to transfer membership from the PERS to the TPAF.

Interfund transfers are limited to pension systems administered by the State of New Jersey. Members who are actively contributing simultaneously to two separate State-administered retirement systems are not eligible for an interfund transfer; they would be considered dual members for pension purposes.

Note: An interfund transfer may be processed if a period of three years of service or less is concurrent between TPAF and PERS accounts, and the member is no longer actively contributing to the PERS account. In such a case, only the non-concurrent service – that is, service not credited under both accounts – may be transferred. Members who were enrolled in SPRS or PFRS may not do an interfund transfer to the TPAF if there is any period of concurrent service.

Required Forms

1. A TPAF *Enrollment Application* submitted through EPIC; and
2. An *Application for Interfund Transfer,* which must be filled out by the member (Part One) and the former employer (Part Two), who is required to return it to the member. The *Application for Interfund Transfer* should then be submitted to the NJDPB

In situations where the employer remains the same but the member is transferring to a different retirement system due to a title change, the employer must stop remitting contributions under the former system once the employee becomes eligible for membership in the second system and wait for a *Certification of Payroll Deductions* for the new retirement system.

Note: Interfund transfers are optional. The NJDPB often receives a new *Enrollment Application* but does not receive an *Application for Interfund Transfer.* Employers should notify any employee eligible for enrollment in the TPAF of this option if he or she was a member of a different State-administered pension fund.

Intrafund Transfers (Reports of Transfer)

Intrafund Transfers are for employees who change employers and accept positions covered by the same retirement system.

All active TPAF members who change employers, but continue employment in the TPAF, are immediately eligible to continue membership regardless of temporary or permanent status in the new position, as long as Membership Tier and Social Security requirements are met.

The employee's membership should be in good standing and the account cannot be withdrawn or expired. If the account has been withdrawn or has expired, a new *Enrollment Application* must be completed.

Required Form

An *Intrafund Transfer* must be submitted via EPIC by the new employer.

The NJDPB will process the *Intrafund Transfer* and will send a *Certification of Payroll Deductions* to the new employer indicating the date pension deductions must begin for the transferring employee.

The new employer must wait for a *Certification of Payroll Deductions* from the NJDPB before commencing pension deductions. Back deductions will be certified for the member to make up for any delay in normal pension contributions.

VETERAN STATUS

The definition for those who qualify for veteran status used here is based upon New Jersey Statutes for New Jersey State-administered retirement systems only.

A veteran is a person who holds an honorable discharge from the military services of the United States who served the required amount of active duty service during specified periods. It is important that those who qualify for veteran status for pension purposes establish veteran status well in advance of retirement with the New Jersey Department of Military & Veteran's Affairs. See the *Veteran Status* Fact Sheet for more information.

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. If the member makes the pension contributions that would have been normally required upon return and within the specific time frames specified under USERRA, the military service will count for vesting, retirement eligibility, the calculation of the retirement benefit and, if applicable, health benefits eligibility, as though the employee had not left.

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

Note: There is a time-sensitive element to the USERRA purchase which differs from the other purchase of service credit provisions available to TPAF members.

For members of the TPAF who enter active military service following enrollment, any purchases, loans, back deductions or other obligations to the retirement systems incurred prior to active military service shall not bear interest at a rate exceeding six percent for the entire duration of the member's active military service. Interest in excess of six percent per year will be waived. For more information about military service after enrollment, please see the *USERRA — Military Service After Enrollment* Fact Sheet.

Purchase of Service Credit

OVERVIEW

A member's retirement allowance is based in part on the amount of service credit posted to the member's account at the time of retirement. It may be beneficial, therefore, to purchase eligible service credit in order to enhance retirement benefits or to qualify for certain types of retirement.

WHO MAY PURCHASE SERVICE CREDIT?

Only members who have active accounts in the TPAF are permitted to purchase service credit. Members may request purchases while on a leave of absence or after termination, as long as their accounts have not expired.

Normally, an account is no longer considered active:

- Two years from the end of a leave of absence (from which a member does not return);
- Two years from the date of the last contribution; or
- 30 days after a retirement date or Board approval date, whichever is later.

Whether or not they are vested, members have two years from the date of the last contribution, or two years from the end of a leave of absence, to make purchase requests. Vested members who are inactive for more than two years are not considered active and, therefore, not permitted to request to purchase service credit.

WHAT TYPES OF SERVICE ARE ELIGIBLE FOR PURCHASE?

Temporary Service (A Shared Cost Purchase)

Members of the TPAF are eligible to purchase all or a portion of service credit for temporary, provisional, or substitute employment if the employment was continuous, immediately preceded a permanent or regular appointment, and meets eligibility requirements for the tier in which the member is enrolled. In addition:

- TPAF members are allowed to purchase temporary service rendered under a former account.
- Part-time, hourly, and substitute service may be eligible for purchase and must be certified by the employer to determine if the service rendered is eligible.
- Service with the Job Training Partnership Act (JTPA) or any of its successors (i.e., Workforce Investment Act) is not eligible.
- Intermittent employment may be eligible for purchase under some circumstances.

Leave of Absence without Pay (A Shared Cost Purchase)

Members of the TPAF are eligible to purchase all or any portion of service credit for official leaves of absence without pay. The amount of time eligible for purchase also depends on what type of leave 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.

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

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

Leave of Absence for Service with Public Employee Unions (A Full Cost Purchase)

N.J.S.A. 11:6-12 permits members of the TPAF to take paid and unpaid leaves of absence for service with public employee unions and also allows full cost purchases of TPAF credit for the period of leave.

To purchase a leave of absence as a union officer or representative, a TPAF member must complete and submit all required documents to the Purchase Section of the NJDPB within 30 days after the quarter ends. For example, the first quarter covers January 1st through March 31st. Therefore, the documents must be received no later than April 30th. Failure to submit all required documents according to the prescribed time frame will irrevocably void any eligibility for this quarter under the leave of absence for union representation laws.

Required Forms:

- *Application to Purchase Service Credit — Union Representation*
- *Employer Verification of Leave of Absence for Union Representation*

Former Membership Service (A Shared Cost Purchase)

Members of the TPAF are eligible to purchase all or a portion of the service credited under a previous membership (PERS, TPAF, PFRS, SPRS), provided that the previous account has been terminated after two continuous years of inactivity in accordance with statute, or by withdrawal of the member contributions made under such membership.

Note: The receipt of a public pension or retirement benefit is expressly conditioned upon the rendering of honorable service by a public officer or employee. Therefore, the Board of Trustees shall disallow the purchase of all or a portion of former service it deems to be dishonorable in accordance with N.J.S.A. 43:1-3.

Out-of-State Service (A Shared Cost Purchase)

TPAF members are eligible to purchase up to 10 years of 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 credit in a New Jersey State-administered retirement system. This service is only eligible for purchase if the member is not receiving or eligible to receive retirement benefits from the out-of-state public pension fund.

Note: Effective November 1, 2008, Out-of-State service credit cannot be used to qualify for employer-paid health benefits in retirement for members of the TPAF. However, the purchase may be used to increase a member's monthly retirement allowance.

U.S. Government Service (A Full Cost Purchase)

TPAF members are eligible to purchase up to 10 years of 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. This service is only eligible for purchase if the member is neither receiving nor eligible to receive retirement benefits from the federal government based in whole or in part on this service.

Note: Effective November 1, 2008, U.S. Government service credit cannot be used to qualify for employer-paid health benefits in retirement for members of the TPAF. However, the purchase may be used to increase a member's monthly retirement allowance.

Military Service Before Enrollment (A Full Cost Purchase)

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

A member who qualifies as a veteran 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). The member must provide a *DD-214 Form — Certificate of Active Duty Service* identifying such service as active duty.

Military Service After Enrollment

See the "Credit for Military Service After Enrollment" section.

Uncredited Service (A Shared Cost Purchase)

TPAF members are eligible to purchase all or a portion of any regular employment with a public employer in New Jersey for which the member does not have retirement credit, and for which pension membership would have been compulsory.

Local Retirement System Service (A Shared Cost Purchase for the TPAF)

TPAF members are eligible to purchase all or a portion of service credit established within a local retirement system in New Jersey if they were ineligible to transfer that service to the TPAF upon enrollment. This service is only eligible for purchase if the member is not receiving or eligible to receive retirement benefits from that public pension fund.

COST AND PROCEDURES FOR PURCHASING SERVICE CREDIT

Shared vs. Full Cost Purchases

The cost of a purchase is based on the member's nearest attained age at the time the NJDPB receives a purchase request, and the highest reported yearly salary as a member of the retirement system. The cost of the purchase will rise with an increase in the member's age and/or salary.

A shared cost purchase is one where the total cost is shared equally between the member and the employers across the State. The member will pay the cost of purchase through payroll deductions (arrears), by a lump-sum payment, or a combination of both. The employers will pay their share based upon an actuarial assessment that depends on the future liability the pension fund will face given the increased retirement benefit the purchased service will secure for the member at retirement. The employer share of each purchase cost will be indexed based upon the relative size of each employer's workforce.

A full cost purchase is one where the member is responsible for the total cost of the purchase. There is no employer liability in a full cost purchase. When statute specifically provides that the employer shall not be liable for any costs of the purchase, the member must pay the full cost.

Estimating the Cost of Purchasing Service Credit

The following types of service credit may be purchased on a shared cost basis: Temporary Service; Former Membership in a New Jersey State-administered retirement system; Unpaid Leaves of Absence; Out-of-state Service; Local Retirement System Service; and Uncredited Service. To estimate the cost of a shared cost purchase:

- Multiply the Purchase Factor corresponding to the age of the member by the current annual salary or highest reported fiscal year's salary as a member (whichever is higher); this equals the cost of purchasing one year of service credit (see table).
- Multiply the cost of one year of service credit by the number of years the member is eligible to purchase; this equals the total estimated cost of the purchase.

The following types of service credit may be purchased on a full cost basis: Military Service Before Enrollment and US Government Civilian Service. To estimate the Before Enrollment cost of a full cost purchase:

- Multiply the estimated cost of a shared cost purchase by two to obtain the estimated full cost purchase price.

A *Purchase Estimate Calculator* is available on MBOS.

TPAF: Age Factor Table for Purchasing Service Credit.	
Age at Purchase	**Purchase Factor**
20	.031379
21	.031759
22	.032158
23	.032578
24	.033018
25	.033480
26	.033964
27	.034471
28	.035002
29	.035558
30	.036139
31	.036748
32	.037384
33	.038048
34	.038743
35	.039469
36	.040227
37	.041019
38	.041847
39	.042711
40	.043613
41	.044555
42	.045539
43	.046567
44	.047640
45	.048761
46	.049932

TPAF: Age Factor Table for Purchasing Service Credit.	
Age at Purchase	**Purchase Factor**
47	.051155
48	.052433
49	.053768
50	.055163
51	.056620
52	.058144
53	.059737
54	.061403
55	.063145
56	.064967
57	.066873
58	.068868
59	.070956
60	.073142
61	.072021
62	.070853
63	.069637
64	.068380
65	.067083
66	.065746
67	.064376
68	.062973
69	.061545
70 and over	.060100

APPLICATION PROCESS

Purchasing Service Credit Through MBOS Required

All purchase requests must be submitted to the NJDPB using the *Purchase Application* program of MBOS.

MBOS Purchase Application: Exceptions

Members cannot 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. The member must request a paper Purchase Application by emailing: ***pensions.nj@treas.nj.gov*** 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 type of service, the employer must submit the *Request for USERRA-Eligible Service* form within the time frames required under the law (see the *USERRA — Military Service After Enrollment* Fact Sheet for additional information).
- Members applying for the purchase of Leave of Absence for Union Representation. This type of service must be purchased quarterly and within 30 days of the end of each fiscal quarter. Information and instructions are available on the *Application to Purchase Service Credit for Union Representation.*

Please note that these are the only circumstances where paper purchase requests are permitted. Any other paper applications received by mail will not be processed and the member will be mailed instructions on submitting the request through MBOS.

The employer may be responsible for completing the *Employment Verification Form.*

Issuance of Quote Letter and Purchase Authorization

If the NJDPB determines that service credit is eligible for purchase, a letter quoting the cost to purchase service and an authorization form will be mailed to the member. In order to authorize the purchase, the member must return a completed authorization form to the NJDPB. TPAF members can also authorize payroll deductions and make changes to the payment or the service period via MBOS using the *Purchase Authorization* application.

Purchase authorizations must be made before the date specified on the *Purchase Cost Quotation Letter.* If a member is not interested in purchasing service credit, no response is required.

PAYMENT OPTIONS

An actively contributing member who elects to authorize a purchase of service credit has the following options to pay for the purchase:

- In one lump-sum payment;
- By having extra payroll deductions withheld from regular pay. The minimum deduction is equal to 50 percent of the full rate of contribution to the pension system over a maximum period of 10 years, and includes interest at the assumed rate of return of the retirement system (except for members who enter active military service following enrollment);
- By paying a single down payment of any amount, and having the remainder paid through payroll deductions; or
- With a direct rollover or trustee-to-trustee transfer of tax-deferred funds from a qualified retirement plan.

Inactive members, or members who indicate on their application that they intend to terminate membership or retire within six months of the request date, may only pay for purchases by making a lump-sum payment.

Direct Rollover or Trustee-to-Trustee Transfer of Funds

In some cases, TPAF members may pay for the purchase of additional service credit through a direct rollover of funds from a qualified retirement savings plan, or through a trustee-to-trustee transfer. The types of plans eligible for direct rollover or trustee-to-trustee transfer include:

- 401(a) qualified plan, including a 401(k) plan, and a 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 be over two years old);
  - Simplified Employee Pension Plan (SEP);
  - Conduit IRA; and
  - Rollover IRA.

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

Members who are unsure about whether their plan is eligible for this type of rollover should consult with the administrator of their financial institution or disbursing plan.

Members must first receive a *Purchase Cost Quotation Letter* from the NJDPB before submitting a *Direct Rollover/Trustee-to-Trustee Transfer of Funds for the Purchase of Additional Service Credit* form.

Paying off a Purchase Balance

A member choosing to pay for all or a part of a service credit purchase through payroll deductions may elect to pay off the balance, with interest, at any time after deductions have been scheduled. To make a lump-sum payment, the member must send a written request for an arrears payoff quotation letter for the cash discount value of the remaining balance owed.

This request should be made to the New Jersey Division of Pensions & Benefits, Adjustments Section, P.O. Box 295, Trenton, NJ 08625-0295.

According to N.J.A.C. 17:1-4.1(b), members may make only one request for the cash discount value of an outstanding arrears balance, i.e., the balance on a service credit purchase, in a calendar year.

Cancellation and Prorating of Purchases

The administrative code governing the purchase of service credit allows for the cancellation and/or prorating of service that has previously been authorized using periodic payments through payroll deductions. Written requests should be made to the New Jersey Division of Pensions & Benefits, Adjustments Section, P.O. Box 295, Trenton, NJ 08625-0295.

Cancellations will be processed under the following conditions:

- The cancellation and prorating will be projected for the next available payroll certification date. This will be approximately one month for monthly members and three pay periods for biweekly members.
- The member can choose to cancel one or all purchases and can specify which purchase types they wish to have canceled.

Prorating will be performed under the following conditions:

- The member must make the request in writing, by fax, or by email. (Written or faxed requests must include the signature of the member. Email requests must come from an email address that bears the member's name.)
- Requests for service to be prorated for a specific future date will be accepted only from members who have a retirement application on file.
- Requests for service to be prorated for a specific projected amount of service — in order to qualify for benefits — will be accepted only from members anticipating retirement or termination of employment within the next six months.

Projected Estimates of Service

Upon request, the NJDPB will estimate the amount of service credit a member will have after the purchase is prorated. This will be done only under the following conditions:

- The NJDPB receives a written, faxed, or emailed request from the member.
- Only one request will be honored from a member per fiscal quarter.
- Only one future date for a prorating or cancellation will be calculated per request.

ADDITIONAL PURCHASE GUIDELINES

The following items are based on the New Jersey Administrative Code:

- Outstanding arrears balances will accrue interest. A letter will be forwarded to those members who have left their position for two years or more and still have an outstanding arrears balance. These members will have the opportunity to purchase the remaining amount in a lump sum; however, interest will be added to the arrears balance for the cost of the purchase if the member returns to employment.
- Members paying arrears balances who have filed for bankruptcy cannot suspend their payments; however, they will be able to cancel the purchase. The member may also complete a request to purchase the same service credit again at a later date. A new cost quotation will be subject to the age, salary, and purchasing rules that apply at the later date.

Important Notes

- If the member qualifies as a non-veteran, he or she is 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 the member qualifies as a military veteran, he or she 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 and are not tax deferred unless funded by a rollover from another tax-deferred plan.

EMPLOYER RESPONSIBILITIES

After members submit the *Application to Purchase Service Credit* using MBOS, the Purchase Section of the NJDPB will request employment verification from the employer indicated on the application. For New Jersey employers, a notification via email is sent requesting that the *Employment Verification* form be completed through EPIC. For other employers (Out-of-State, Federal Government, etc.) an *Employment Verification* form is mailed to the employer, along with a letter indicating the dates that are being requested.

1. The employer is responsible for completing the verification form when required by the Purchase Section. The form should be completed according to instructions in order to avoid a delay in processing.

   Example: *A member who was hired in a temporary or provisional status on February 6, 2014, and was not eligible to be enrolled in the pension system until February 17, 2015, may request a purchase quotation of the first year of employment. The Purchase Section would send an email to the employer requesting verification through EPIC of the member's service prior to February 17, 2015. The employer should certify the member's hire date, title, permanent appointment date, dates of employment, and salary.*

2. The information certified must be supported by official documentation. In the event that there is a question regarding the information provided, the Purchase Section may request a copy of the documentation used to verify the member's service.

3. Board of education locations are to certify time by school year (Sept – June), not by calendar year.

4. Once a member has authorized a purchase, and if payroll deductions are elected, a *Certification of Payroll Deductions* will be sent to the employer. The payments will be scheduled as arrears and the schedule should be followed as certified. If there is already an existing arrears schedule, it will be automatically combined with the new purchase payment schedule.

5. Deductions for a purchase should only be taken upon receipt of a *Certification of Payroll Deductions* from the NJDPB. The schedule must be followed exactly. The only time the employer should deviate from the schedule is if the member is on an unpaid leave of absence.

6. If the member returns from a leave of absence of less than two years, the arrears schedule should be picked up automatically. If the leave of absence is longer than two years, the NJDPB should be notified so that an updated *Certification of Payroll Deductions* can be forwarded to the employer.

Loans

MEMBER ELIGIBILITY

To be eligible, members must:

- Be active, contributing members of the retirement fund.
- Have three years of contributing membership posted to their account (this usually occurs three years and three months after the date of enrollment).

Members are permitted to take out a maximum of two loans in a calendar year. The loan interest rate and administrative processing fee are set annually.

Note: Members who are off payroll may not borrow from their account.

APPLYING FOR A LOAN THROUGH MBOS

All eligible members of the TPAF wishing to borrow against their pension account must submit the loan request through MBOS and provide a valid bank routing number and account number.

- Members receive immediate confirmation of loan applications upon submission.
- Once the loan application is submitted, a pension loan cannot be canceled. Members who are not satisfied with their loan amount or the repayment schedule after the loan is disbursed can request a repayment figure for the loan balance, plus any accrued interest prior to the end of the regular repayment schedule.

Paper versions of the *Loan Application* will not be accepted by mail or by fax. Few exceptions apply; see the "Exceptions to Online Loan Application Requirement" section. Printed applications received by the NJDPB will be mailed back to the member with instructions on submitting the loan request through MBOS.

Exceptions to Online Loan Application Requirement

While the majority of member loan requests will require processing through MBOS, a limited number of members are not able to access the MBOS *Loan Application.* These members include:

- Retirement system members who have established a security freeze on their accounts due to an instance of identity theft (these members must contact the Identity Theft Coordinator to request a loan); and
- Employees shown in the loan processing system as inactive from payroll, including:
  - Employees who apply for a loan within six months of returning from a leave of absence;
  - Employees who apply for a loan within six months of transferring within the same retirement system to a new employer;
  - Employees whose employer was late in submitting the *Report of Contributions* for the quarterly posting; and
  - State employees who are paid on a supplemental payroll schedule.

Members shown as inactive from payroll may still be able to borrow, but a *Certified Loan Request* form must be submitted by the employer to verify the employee's active pay status. Employees in any of these situations may only borrow amounts based on the the previously posted quarter.

How Much is Available for a Loan?

MBOS allows members to see how much they are eligible to borrow. Members can enter different loan amounts to see what the biweekly or monthly repayment amount will be, and the number of payments that will be needed.

Calling the Office of Client Services at (609) 292-7524 is another convenient way for a member to learn the amount available. The member must have his or her Social Security number and Pension Membership number on hand.

Also, the Interview Counseling Section at the Division of Pensions & Benefits, 50 West State Street, First Floor, Trenton, NJ can provide answers to all loan questions (counselors are available by appointment). Please note that counselors are unable to submit any applications on a member's behalf.

Loan Amount

Loans are made in multiples of $10 and may not exceed 50 percent of the total contributions posted to a member's account. When a member has an outstanding loan balance at the time a new loan is requested, the total combined loan may not exceed 50 percent of total contributions or $50,000, whichever is less when added to the highest balance of any loan in the last 12 months.

The minimum loan amount is $50. The maximum loan available will be displayed automatically.

Loan Repayment

The minimum repayment is scheduled in equal payments, which will be equal to, or slightly greater than, the monthly or biweekly base salary multiplied by the full rate of contribution.

By law, the member cannot pay less than the minimum amount, nor may the payment amount exceed 25 percent of base salary.

If the member is paid through Centralized Payroll, the requested repayment amount on MBOS will indicate "bi-weekly." If the member is not paid through Centralized Payroll, the requested repayment amount will indicate "monthly."

IRS LOAN COMPLIANCE REGULATIONS

Maximum Balance Allowed and Maximum Repayment Period

IRC Section 72(p) requires that loan balances not exceed $50,000, and that they be paid within five years. Further, members must make timely payments toward outstanding loan balances, regardless of employment status (i.e., active or inactive). The policies are as follows:

- If a member applies for a loan and that loan added to any existing loan balance totals $50,000 or more, a loan disbursement will be made for the difference under the $50,000 limit. The NJDPB will notify the member that the requested loan amount would have caused the loan balance to exceed the $50,000 limit.
- Loan disbursements will have a maximum repayment schedule of five years. Upon taking a new loan, those members with large existing loan balances will either have an increase in the repayment schedule or may be eligible to take a smaller loan amount due to the requested payment exceeding 25 percent of the base salary per month.
- The maximum loan balance cannot exceed $50,000, or 50 percent of the member's posted pension contributions, whichever is less. The $50,000 maximum includes the amount requested combined with the highest balance due (without interest) for all existing loans that the member has due to his/her public employment, including any other governmental plans sponsored or administered by a public sector employer during the prior 12-month period. When the member submits a loan request online using MBOS, he/she will be required to indicate whether he/she has taken a loan in the prior 12-month period (other than PERS, TPAF, PFRS, or SPRS) from plans offered by his/her public employer. It is important to maintain documentation of pension loans taken from other plans offered by his/her employer in the event of an audit. Any amounts received in excess of the maximum may be declared a deemed distribution and subject to additional tax by the IRS.

The IRS regulations also stipulate that if regular payments are not made on a pension loan, then the loan is to be considered in default and determined to be a taxable distribution to the member.

Members will be notified after three months of nonpayment (zero contributions) toward the balance of their outstanding loan, and offered the following options:

- Pay the loan off through a lump-sum payment;
- Repay the loan in monthly installments through personal billing; or
- If returning to employment, repay through employer payroll deductions.

The member must reply with a repayment selection within 30 days of receiving notification. Failure to respond within the 30-day period will result in the unpaid loan balance being declared a taxable distribution.

When a loan balance has been determined to be a taxable distribution, it is reported to the IRS. The NJDPB will send the member a *Form 1099-R* for tax filing purposes in January of the following year. The member will be required to include the portion of the loan representing before-tax contributions as income on his or her federal return. In addition, if the member is under age 59 1/2, he or she will be required to pay an additional 10 percent tax for taking an early pension distribution.

A taxable distribution cannot be canceled by resuming loan payments or repaying the loan in full prior to the end of the tax year in which the deemed distribution occurs. Please note that unlike a normal pension distribution, a loan treated as a distribution cannot be rolled over to an IRA or another qualified retirement plan.

Please be advised that the outstanding loan balance being deemed a taxable distribution does not cancel the loan obligation; the loan balance, plus interest, is still due. If payments are not resumed, the balance will be recuperated at the time of withdrawal, retirement, or death of the member.

Multiple Loans

Under IRS regulations, a member taking multiple loans must repay the combined total of the outstanding balance of the original loan, plus all subsequent loans taken prior to payoff of the original loan, within five years of the issuance date of the first loan.

This loan policy does not come into play in the case of a member who takes a single loan and pays it off before taking another pension loan, but rather when a member takes additional loans while a balance on the original loan remains. In such instances, the loan repayment schedule will be set up so that the total loan balance is paid off within five years of the issuance date of the original loan, to prevent the unpaid balance from being declared a taxable distribution.

Therefore, in cases where a member takes multiple loans, it is the date of issuance of the first loan that will establish the maximum five-year payoff period for the combined outstanding balance of the original loan and all subsequent loans taken prior to payoff of the original loan.

Under the above regulations, if a member is issued a new pension loan before the first loan is paid in full, a substantial increase in the member's repayment amount may result in order to ensure full repayment of the total loan balance within five years of the issuance of the original loan.

Alternatively, the new loan amount requested may be reduced, so that the payroll deductions required to repay the loan within this five-year period do not exceed the 25 percent of pay restriction in State law.

PAYROLL CERTIFICATIONS

Once a loan has been processed, two copies of the *Certification of Payroll Deductions* are sent to the employer. One copy should be forwarded to the member for his/her records, while the other is retained for the employer's file. The certification contains all the pertinent information regarding the number of deductions and the amount of each deduction to be withheld from the employee's payroll check.

Employers are required to follow the instructions on the certification and begin payroll deductions as instructed on the form. Failure to comply with payroll certifications will result in additional interest charged to the member's account. If a member changes from a 10-month payroll schedule to a 12-month schedule, or vice versa, the employer should complete a *Loan Recertification Request* through EPIC. A new certification of payroll deductions will be issued.

LEAVE OF ABSENCE OR OFF PAYROLL — REVALUATION OF A LOAN SCHEDULE

If a member is off payroll and misses any scheduled loan deductions, the outstanding loan must be revalued and additional interest charged. To protect a member who has been on a leave of absence – or off payroll for any other reason – from having a loan balance become a taxable distribution, employers should have the loan recertified as soon as the member returns using the Loan Recertification application in EPIC.

CALCULATION OF AN ADDITIONAL LOAN

When a member applies for a loan and already has an existing loan balance, the principal amount of the existing loan is calculated and added to the new loan. The resulting increased obligation is scheduled in the same manner and subject to the same conditions as the original loan.

PAYMENT OF A LOAN PRIOR TO COMPLETION

An active member may make a lump-sum payment against the total value of the loan at any time. We advise that the member request the lump-sum payoff figure via MBOS, using the "Letters and Statements" application. The request will generate a quote which will be mailed to the member along with the date the payment is due. Payments will not be accepted unless a payoff figure has been quoted.

The member should remit a copy of the payoff quote letter along with the payment to ensure the proper credit is made to the account.

Upon Withdrawal

If a member terminates employment and chooses to withdraw all contributions from the pension fund, any outstanding loan balance must be satisfied. Usually, the NJDPB will deduct any outstanding loan balance from the amount owed the member through the return of contributions. The member may choose to pay any outstanding loan in full with a lump-sum payment in order to receive the full amount of the contribution balance on the account.

Upon Retirement

If a member retires with an outstanding loan balance, the member has the option to pay off the outstanding loan balance in its entirety or to repay the loan through deductions from his/her retirement benefit until the balance of the loan with interest is repaid. The monthly loan payment will be calculated to have the loan plus interest satisfied by the member's five-year end date.

Upon Death

If a member dies before the outstanding loan balance with interest has been recovered, the remaining balance will be deducted from any benefit payable to the designated beneficiary(ies), including life insurance, return of contributions, and monthly retirement payments.

Note: Additional information regarding pension loans is available in the *Loans* Fact Sheet.

Retirements

GENERAL INFORMATION ON RETIREMENT BENEFITS

- All retirements begin on the first of a month.
- The employer/employee relationship must be completely severed — that is, the member may not render any service nor earn any salary — as of the day of retirement, even if payroll checks are still in process.
- A retirement is due and payable — that is, eligible for the first retirement check — 30 days after the retirement date, or 30 days after the Board of Trustees approves the retirement, whichever is later.

Membership Tiers

TPAF members are classified by membership tiers, as N.J.S.A. 18A:66-4 makes the eligibility requirements for TPAF retirement different for five distinct enrollment periods. See "Membership Tiers" in the "Enrollments" section.

Retirement eligibility requirements will be listed separately, by Tier, for each type of retirement, when differences exist.

PROOF OF AGE

If not already on file, the member must provide proof of age upon retirement. For Option A, B, C, D, 2, 3, or 4, proof of age is also required for the member's beneficiary. Any maiden names should be identified as such. The pension number or the last four digits of the Social Security number should be indicated on any documentation that is submitted.

The retirement application will not be processed until the NJDPB receives copies of birth evidence. If proof of age is not received within 90 days of the NJDPB's receipt of the retirement application, the retirement will be canceled and the member will need to submit another application for a future retirement date.

The following documents will be accepted as evidence for proof of age:

- Birth Certificate with visible seal;
- Passport or U.S. Passport Card;
- Current N.J. driver's license or digital non-driver ID card issued by NJMVC;
- Current Pennsylvania or New York driver's license; or
- Naturalization or Immigration Papers.

Unacceptable documentation includes expired documentation, out-of-state driver's licenses except Pennsylvania and New York, hospital birth certificates, marriage certificates, census records, baptismal records, affidavits from older family members, or military records.

RETIREMENT ESTIMATES

Most retirement applications require three to four months processing time from the date the application and retirement certification are received for calculation, Board approval, preparing the retirement account, and receiving the first check. Changes to retirement selections can often cause delays in processing and can delay prompt payment of a member's first retirement check.

The simplest way to avoid unnecessary delays in processing a retirement is to ensure the member has as much information as possible concerning the retirement process and what to expect in retirement. A retirement estimate is a valuable planning tool and can be obtained easily. The member can choose to:

- Use MBOS;
- Call the Automated Information System at (609) 292-7524; or
- Schedule an interview appointment at the NJDPB at 50 West State Street, Trenton, NJ.

Estimates done through MBOS are the same as those obtained through pension counselors. The NJDPB suggests that members obtain an estimate at least six months prior to an anticipated retirement date. There is no obligation to retire when a retirement estimate is requested since it is a planning tool, not an application for benefits. Many members compare estimates based on different projected dates of retirement, retirement types, and options. Retirement estimates may be obtained for any eligible date up to two years in advance.

SERVICE, EARLY, VETERAN, AND DEFERRED RETIREMENTS

Member Responsibilities

- Complete and submit the *Retirement Application* through MBOS at least three to four months in advance of the retirement date.
- Service and Early Retirees can submit applications up to one year prior to the retirement date. Deferred Retirees can submit applications as soon as they terminate employment.
- Direct deposit information must be provided at the time the member applies for retirement or the application will not be processed.
- Submit proof of age for member.
- Submit proof of age for beneficiary, if Option A, B, C, D, 2, 3, or 4 is selected.
- For Veteran Retirement, the member must provide *Form DD214* to the Department of Military and Veterans Affairs to prove Veteran's status well in advance of retirement.

Employer Responsibilities

Complete and submit the *Certification of Service and Final Salary* via EPIC as soon as possible once you are aware the member intends to retire.

Service Retirement	
Tiers 1 and 2 Eligibility	Age 60 or older, any number years of service.
Benefit Formula	Years and Months of Service ÷ 55 x Final Average Salary (FAS) = Annual Maximum.
Tier 3 Eligibility	Age 62 or older, any number years of service.
Benefit Formula	Years and Months of Service ÷ 55 x Final Average Salary (FAS) = Annual Maximum.
Tier 4 Eligibility	Age 62 or older, any number years of service.
Benefit Formula	Years and Months of Service ÷ 60 x Final Average Salary (FAS) = Annual Maximum.
Tier 5 Eligibility	Age 65 or older, any number years of service.
Benefit Formula	Years and Months of Service ÷ 60 x Final Average Salary (FAS) = Annual Maximum.
Note	Maximum monthly benefit is Annual Maximum divided by 12.

Submit copies of indictments, convictions, and/or preliminary and final notices of disciplinary action if you certified that the former employee was dismissed with charges.

Early Retirement	
Tiers 1 Eligibility	Under age 60 with 25 or more years of service.
Benefit Formula	Same calculation as a Service Retirement. For members who retire before age 55, allowance is permanently reduced 1/4 of 1% for each month (3% per year) under age 55.
Tier 2 Eligibility	Under age 60 with 25 or more years of service.
Benefit Formula	Same calculation as a Service Retirement. For members who retire before age 60, allowance is permanently reduced 1/12 of 1% for each month (1% per year) under age 60 but over age 55, and 1/4 of 1% for each month (3% per year) under age 55.
Tier 3 Eligibility	Under age 62 with 25 or more years of service.
Benefit Formula	Same calculation as a Service Retirement. For members who retire before age 62, allowance is permanently reduced 1/12 of 1% for each month (1% per year) under age 62 but over age 55, and 1/4 of 1% for each month (3% per year) under age 55.
Tier 4 Eligibility	Under age 62 with 25 or more years of service.
Benefit Formula	Same calculation as a Service Retirement. For members who retire before age 62, allowance is permanently reduced 1/12 of 1% for each month (1% per year) under age 62 but over age 55, and 1/4 of 1% for each month (3% per year) under age 55.
Tier 5 Eligibility	Under age 65 with 30 or more years of service.
Benefit Formula	Same calculation as a Service Retirement. For members who retire before age 65, allowance is permanently reduced 1/4 of 1% for each month (3% per year) under age 65.
Note	Maximum monthly benefit is Annual Maximum divided by 12.

Veteran Retirement *The eligibility requirements and benefit formulas for calculating a Veteran Retirement are the same for all membership tiers.*	
Eligibility #1	• Age 55 or older with 25 or more years of service; or • Age 60 or older with 20 or more years of service.
Benefit Formula	54.5% x Final or Highest Salary = Annual Maximum.
Eligibility #2	35 or more years of service.
Benefit Formula	Years and Months of Service ÷ 55 x Highest Salary = Annual Maximum.
Notes	• Maximum monthly benefit is Annual Maximum divided by 12. • Final Salary = Last 12 months (10 months if applicable) base salary; • Highest Salary = Highest 12 consecutive months (10 months if applicable) base salary.

Deferred Retirement	
Tiers 1 and 2 Eligibility	10 or more years of service. Retirement is effective on the first day of the month after attaining age 60.
Benefit Formula	Same calculation as a Service Retirement.
Tier 3 Eligibility	10 or more years of service. Retirement is effective on the first day of the month after attaining age 62.
Benefit Formula	Same calculation as a Service Retirement.
Tier 4 Eligibility	10 or more years of service. Retirement is effective on the first day of the month after attaining age 62.
Benefit Formula	Same calculation as a Service Retirement.
Tier 5 Eligibility	10 or more years of service. Retirement is effective on the first day of the month after attaining age 65.
Benefit Formula	Same calculation as a Service Retirement.
Notes	• Maximum monthly benefit is Annual Maximum divided by 12. • Deferred Retirements can only change their options up to one month prior to their effective retirement date.

DISABILITY RETIREMENTS

Ordinary Disability Retirement *Ordinary Disability Retirement is not available for Tiers 4 and 5. The eligibility requirements and benefit formulas are the same for Tiers 1, 2, and 3.*	
Eligibility	• Member must be totally and permanently disabled from doing normal job duties. • Application must be made within two years of termination date. • Members must have a minimum of 10 years of New Jersey service credit (Out-of-State, Military, and U.S. Government purchases are not considered New Jersey service credit).
Benefit Formula	Higher calculation of the following formulas: • 43.6% x Final Average Salary (FAS) = Annual Maximum; or • 1.64% x Years of Service x FAS = Annual Maximum.
Member Responsibilities	• Complete a *Retirement Application* at least four to six months in advance. Applications must be completed through MBOS. • Supply proof of age for member. • Submit proof of age for beneficiary if Option A, B, C, D, 2, 3, or 4 is selected. • Have medical providers complete the *Medical Examination by Personal or Treating Physician* forms. Forms from at least two treating physicians are required. Alternatively, one of these forms may be substituted with a completed *Authorization to Disclose Hospital Records* from a hospital stay related to the disability. • Complete the *Authorization for Release of Information (HIPAA).* • **Note:** Once the TPAF Board of Trustees grants approval for a Disability Retirement, the member may only cancel the retirement by submitting a letter to the Disability Review Section, with a written statement from his/her physician expressing that the member can return to work. The Disability Review Section will then send the member for an Independent Medical Examination (IME), and all medical information will again be submitted to the Medical Review Board. Once all of the above information is received, the Board of Trustees will make a determination of whether the member is able to return to work.
Employer Responsibilities	• Complete the *Employer Certification for Disability Retirement* through EPIC as soon as possible upon learning of member's retirement. • Submit copy of the Job Description. • If you certified that the former employee was dismissed with charges on the *Employer Certification for Disability Retirement,* please submit copies of indictments, convictions, and/or preliminary and final notices of disciplinary action. • For **Involuntary Disability Retirement:** The employer is responsible for submitting the application through EPIC, selecting the "Maximum" option and the "Estate" as the beneficiary. A letter from the Head of the Department addressed to the NJDPB is also required, stating that, in the employing authority's opinion, the member is totally and permanently disabled from fulfilling his or her job duties. The employer must submit attendance records, along with any pertinent medical records. **Local Employers** must submit a resolution, authorizing the employing location to process an applicaation for Involuntary Disability Retirement. When an employer submits a *Retirement Application* for a member's Involuntary Disability Retirement, the member may not change the date of retirement indicated by the employer. If approved, the member will have 30 days following Board approval to revise the option and beneficiary designation.
Notes	• Maximum monthly benefit = Annual Maximum divided by 12. • All changes to applications must be done through MBOS. • Under the provisions of N.J.S.A. 43:15A-42.1, TPAF members under Tiers 4 and 5 may be eligible for disability insurance coverage. For more information, see the *Long-Term Disability for PERS and TPAF Tiers 4 and 5* Fact Sheet • FAS (Final Average Salary) is the last 36 months of pensionable salary (30 months for 10-month members), or highest 3 Fiscal Years (July 1 – June 30). Fiscal Years do not have to be consecutive.

Accidental Disability Retirement *Accidental Disability Retirement is not available for Tiers 4 and 5. The eligibility requirements and benefit formulas are the same for Tiers 1, 2, and 3.*	
Eligibility	• Member must be totally and permanently disabled as a direct result of a traumatic event while doing the member's normal job duties. • Application must normally be made within five years of accident date. • Must be an active member on or before the date of the traumatic event.
Benefit Formula	72.7% x Salary at Time of Accident = Annual Maximum.
Member Responsibilities	• Complete a *Retirement Application* through MBOS, at least six to eight months in advance. • Supply proof of age for member. • Submit proof of age for beneficiary if Option A, B, C, D, 2, 3, or 4 is selected. • Have medical providers complete the *Medical Examination by Personal or Treating Physician* forms. Forms from at least two treating physicians are required. Alternatively, one of these forms may be substituted with a completed *Authorization to Disclose Hospital Records* from a hospital stay related to the disability. • Complete the *Authorization for Release of Information (HIPAA)*. • Attend an Independent Medical Examination (IME), scheduled at no cost to the member. • **Note:** Once the TPAF Board of Trustees grants approval for a Disability Retirement, the member may only cancel the retirement by submitting a letter to the Disability Review Section, with a written statement from his/her physician expressing that the member can return to work. The Disability Review Section will then send the member for an IME, and all medical information will be again submitted to the Medical Review Board. Once all of the above information is received, the Board of Trustees will make a determination of whether the member is able to return to work.
Employer Responsibilities	• Complete the *Employer Certification for Disability Retirement* through EPIC as soon as possible upon learning of member's retirement. • Submit copy of the Job Description. • If you certified that the former employee was dismissed with charges on the *Employer Certification for Disability Retirement,* please submit copies of indictments, convictions, and/or preliminary and final notices of disciplinary action. • Submit copies of accident reports, incident reports, witness statements, medical records relating to the incident, and other related documents. • Submit copies of Workers' Compensation awards. • For **Involuntary Disability Retirement:** The employer is responsible for submitting the application through EPIC, selecting the "Maximum" option and the "Estate" as the beneficiary. A letter from the Head of the Department addressed to the NJDPB is also required, stating that, in the employing authority's opinion, the member is totally and permanently disabled from fulfilling his or her job duties. The employer must submit attendance records, along with any pertinent medical records. **Local Employers** must submit a resolution, authorizing the employing location to process an application for Involuntary Disability Retirement. When an employer submits a *Retirement Application* for a member's Involuntary Disability Retirement, the member may not change the date of retirement indicated by the employer. If approved, the member will have 30 days following Board approval to revise the option and beneficiary designation.
Notes	• Maximum monthly benefit is Annual Maximum divided by 12. • All changes to applications must be done through MBOS. • Under the provisions of N.J.S.A. 43:15A-42.1, TPAF members under Tiers 4 and 5 may be eligible for disability insurance coverage. For more information, see the *Long-Term Disability for PERS and TPAF Tiers 4 and 5* Fact Sheet.

Final Average Salary (FAS)

For Tier 1, 2, and 3 Members: Final Average Salary (FAS) is the last 36 months of pensionable salary (30 months for 10-month members), or highest three Fiscal Years (July 1 – June 30). Fiscal Years do not have to be consecutive. Members should note on the *Retirement Application* if the last three years are not the highest years.

For Tier 4 and 5 Members: Final Average Salary (FAS) is the last 60 months of pensionable salary (50 months for 10-month members), or highest five Fiscal Years (July 1 – June 30). Fiscal Years do not have to be consecutive. Members should note on the *Retirement Application* if the last five years are not the highest years.

Retirement Eligibility and Benefit Formulas

Members must meet all eligibility requirements upon termination of employment. The following charts provide details on eligibility requirements and benefit formulas.

PENSION OPTIONS

At the time of retirement, members of the TPAF may name a beneficiary on the *Retirement Application* to receive pension benefits after their death.

Note: Once the pension is due and payable, the option cannot be changed. The pension becomes due and payable 30 days after the retirement date, or 30 days after the Board of Trustees approves the retirement, whichever occurs later.

There are nine retirement allowance options available:

Maximum Option

The Maximum Option pays the highest monthly pension allowance of all of the options available, for the lifetime of the member.

- There is no monthly pension allowance paid to a beneficiary when the member dies.
- The member names a beneficiary on the *Retirement Application.* If the member dies before receiving the balance of his or her contributions to the pension system in the form of the monthly pension allowance, the balance of contributions is paid to the named beneficiary, along with the last check.
- One or more beneficiaries can be named, and the beneficiary may be a person, a charity, an institution, or the member's estate.
- Proof of age is required for the member only.
- The beneficiary can be changed at any time before and after retirement.

Options A, B, C, and D

Under Options A, B, C, and D, the member receives a smaller lifetime monthly benefit than that provided under the Maximum Option so that, upon the member's death, a beneficiary will receive a lifetime benefit. Only one person can be named beneficiary.

If the member dies after retiring, the named beneficiary receives 100 percent (Option A), 75 percent (Option B), 50 percent (Option C), or 25 percent (Option D) of the member's monthly pension allowance for life.

If the beneficiary predeceases the member, the member's pension increases to the amount payable under the Maximum Option, which the member receives for the remainder of his or her lifetime.

- Only one beneficiary can be named, and the beneficiary must be an individual, not a charity, an institution, or an estate.
- Proof of age for both the member and the beneficiary must be submitted.
- If the member names someone other than a spouse as a beneficiary for Options A or B, the chosen beneficiary cannot be more than 10 years younger (Option A) or 19 years younger (Option B) than the member, as determined by IRS regulations.*
- The age of the beneficiary affects the benefit payable. The younger the beneficiary, the greater the reduction in pension benefit payable to the member, whether or not the beneficiary is a spouse.
- Once the pension is due and payable, the named beneficiary cannot be changed.
- If the beneficiary predeceases the member, the member cannot designate another beneficiary to receive a monthly pension upon his or her death. However, a new beneficiary may be named for any return of contributions payable and the last check benefit.

Option 1

This option provides a lifetime monthly allowance to the member, with a reserve amount calculated at retirement based on the member's retirement allowance and life expectancy. If the member dies before receiving the entire retirement reserve, the amount of money remaining in the retirement reserve is paid to the beneficiary(ies).

Example: *$100,000 Reserve Fund at retirement — $60,000 total monthly benefits paid to retired member = $40,000 paid to beneficiary after member's death; or*

$100,000 Reserve Fund at retirement — $124,000 total monthly benefits paid to retired member = $0 paid to beneficiary after member's death, since the entire Reserve Fund was paid to the member.

- One or more beneficiaries may be named, and the beneficiary may be a person, a charity, an institution, or the member's estate.
- Proof of age is required for the member only.

- The beneficiary can be changed at any time before and after retirement.
- The member will continue to receive the same lifetime benefit, even if he or she outlives the reserve.

Options 2 and 3

Under Options 2 and 3, the member receives a smaller lifetime monthly benefit than that provided under the Maximum Option so that, upon the member's death, a beneficiary will receive a lifetime benefit. If the member dies after retiring, the named beneficiary receives 100 percent (Option 2) or 50 percent (Option 3) of the member's monthly pension allowance for life.

- Only one beneficiary may be named, and the beneficiary must be an individual, not a charity, an institution, or an estate.
- Proof of age for both the member and the beneficiary must be submitted.
- If the member names someone other than a spouse as a beneficiary for Option 2, the chosen beneficiary cannot be more than 10 years younger than the member, as determined by IRS regulations.*
- Once the pension is due and payable, the named beneficiary cannot be changed.
- Unlike Options A, B, C, and D, if the named beneficiary dies before the member, the member continues to receive the same reduced pension allowance; the allowance does not increase to the Maximum benefit.

Option 4

Under Option 4, the member receives a smaller lifetime monthly benefit than that provided under the Maximum Option so that, upon the member's death, a beneficiary will receive a lifetime benefit. If the member should pass away after retiring, the named beneficiary receives a pre-determined monthly allowance, which is less than the member's monthly pension allowance.

- One or more beneficiaries can be named, but the beneficiaries must be individuals; not a charity, an institution, or the member's estate.
- The member specifies a specific dollar amount to be paid monthly to the beneficiary(ies) upon the member's death. The amount must not be greater than the member's own allowance.
- Proof of age for both the member and the beneficiary(ies) must be submitted.
- If the member names someone other than a spouse as a beneficiary, and if the dollar amount specified for that beneficiary is more than half of the member's monthly allowance, age restrictions apply as determined by IRS regulations.*
- Once the pension is due and payable, the named beneficiary(ies) cannot be changed.
- If the named beneficiary(ies) dies before the member, the member continues to receive the same reduced pension allowance; the allowance does not increase to the Maximum benefit.

**Since the IRS 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.*

MAKING CHANGES TO THE RETIREMENT APPLICATION

In order to change the retirement date, type, option selection, or to cancel the retirement, the member must access the previously submitted application through MBOS. The member must then cancel the retirement and, if making changes, resubmit a new application. These changes can only be made before the retirement is due and payable. If the employee applied for a Disability Retirement that has been approved by the Board of Trustees, the employee cannot change the retirement date or cancel the retirement.

Note: If an employee elects to change his/her retirement date, you must complete the *Change of Retirement Employer Certification* through EPIC. For changes to the employee's retirement type, option selection, or if canceling retirement, the employer certification is not required.

WAIVERS AND REINSTATEMENTS OF RETIREMENT BENEFITS

Some retirees choose to waive a portion or all of their retirement allowance in order to become eligible for low-income benefits or housing. In order to waive retirement benefits, the retiree completes and signs a form indicating the amount he or she wishes to be waived.

This waiver form is available by contacting the New Jersey Division of Pensions & Benefits, Attn: Retirement Bureau, P.O. Box 295, Trenton, NJ 08625-0295.

In the event that the minimum earnings threshold increases, the retiree can request that a lesser amount or no amount of the retirement allowance be waived for future retirement checks.

Faxed requests are not acceptable to initiate or discontinue a waiver of retirement benefits.

If a retiree waives a portion or all of his or her retirement allowance, the portion waived can never be recouped by the retiree, a beneficiary, or the retiree's estate.

Note: The gross monthly pension, before the portion waived is applied, is the amount used to determine Medicaid eligibility.

Group Life Insurance Coverage

NONCONTRIBUTORY GROUP LIFE INSURANCE

Noncontributory Group Life Insurance is underwritten by the Prudential Insurance Company of America, Inc., and is provided as a result of pension membership. There is no cost to the member for this coverage. The State Treasurer is the official policyholder for the Noncontributory Group Life Insurance, which is issued as Policy Number G-14800.

CONTRIBUTORY GROUP LIFE INSURANCE

Contributory Group Life Insurance is underwritten by Prudential and is insurance for which the member pays a premium through payroll deductions. The TPAF Board of Trustees is the official policyholder for the Contributory Group Life Insurance for the TPAF, which is issued as Policy Number G-14300.

The law requires that a TPAF member must be covered by contributory insurance for the first 12 months of membership. After the 12 months have elapsed, the member may withdraw from this coverage by filing the proper form. Once the member withdraws from the contributory insurance coverage, it cannot be reinstated, nor can contributions that were made prior to the withdrawal be refunded.

The cost of the contributory insurance, which is set by the TPAF Board of Trustees, is .40 percent (.0040) of base salary.

The deduction from salary for a TPAF member's contributory insurance is made after taxes have been deducted.

Note: In accordance with N.J.S.A. 18A:66-53(h), TPAF members are not required to pay the Contributory Group Life Insurance premiums after attaining age 70. Such premiums must be paid by the employer. The NJDPB bills the employer annually for premiums for TPAF members who are age 70 or older.

The benefit value of the Contributory and Noncontributory Group Life Insurance is shown in the chart below.

Group Life Insurance Benefits for Active TPAF Employees	
Noncontributory Group Life Insurance Only	**Both Contributory and Noncontributory Group Life Insurance**
1.5 x salary*	3.5 x salary*

**Salary is the total base salary upon which pension contributions were based during the last 12 months (10 months of service for 10-month employees) preceding the death of the member during active service.*

ENROLLING IN GROUP LIFE INSURANCE

Enrollment in group life insurance is accomplished through completion of the EPIC *Enrollment Application,* and coverage is effective on the date of pension membership (see below for members who are 60 or older at the time of enrollment). At the time of enrollment, the employee's estate will automatically be designated as the beneficiary for any death benefits payable. Employers should strongly encourage new employees to register with MBOS in order to update their beneficiary information once enrolled.

Former members who previously converted their group life insurance to a private policy, and then returned to New Jersey public employment, are not eligible for coverage until they cancel their non-group coverage or take and pass a medical examination.

The NJDPB will notify the member in writing if proof of insurability is required and outline the necessary steps for completing this process.

Group Life Insurance for Members Age 60 or Older

Employees who are age 60 or older at the time of enrollment are ineligible for both noncontributory and contributory insurance coverage until they prove insurability by taking and passing a physical examination. Date of birth information is submitted by the employer at the time of enrollment to determine eligibility.

When a member is found to be age 60 or older at enrollment, the following procedure is set in motion:

- The NJDPB notifies the member in writing of his or her ineligibility for group life insurance coverage until insurability is proven through a physical examination.
- The NJDPB informs Prudential (the present group life insurance underwriter), about the enrolling member's ineligibility for group life insurance coverage due to age.
- Prudential then provides the new member with information about the process of obtaining a physical examination to prove insurability. Prudential authorizes a third party to administer the physical examination.
- Prudential notifies the NJDPB if the member becomes eligible for group life insurance coverage as a result of proving insurability through a physical exam.
- At that time, the NJDPB provides certification to both the member and the employer. The certification indicates the date on which salary deductions for group life insurance coverage will begin.

Note: The member has 12 months from the date of the NJDPB's written notification to take and pass the required physical examination. Failure to pass the physical examination within the prescribed time frame will render the member ineligible for group life insurance coverage.

Members who fail to prove insurability have 45 days to submit an appeal of the decision to Prudential.

Confirmation of Enrollment in Group Life Insurance

After the member's enrollment in the pension system has been accomplished, life insurance information is passed to Prudential. The NJDPB will send the member a certificate of insurance, or insurance rider, that gives the group policy number(s) of the coverage, the member's name, location number, membership number, effective date of insurance, and beneficiaries on record. This certificate is an important document and should be safeguarded by the member.

Group Policy Numbers for TPAF Employees	
Type of Insurance	**Group Policy Number**
Noncontributory Group Life Insurance	G-14800
Contributory Group Life Insurance	G-14300

NAMING A BENEFICIARY FOR GROUP LIFE INSURANCE

The online pension *Enrollment Application* defaults to the member's estate for both group life insurance benefits and the return of pension contributions. The member must log onto MBOS to update beneficiary information. By doing so, the member may name any person, organization, estate, or trust as beneficiary. This designation may be changed at any time during membership by completing the *Designation of Beneficiary* via MBOS. At retirement, the member will be asked to nominate beneficiaries on the *Retirement Application.*

Changing a Group Life Insurance Beneficiary Designation

A member may change group life insurance beneficiaries at any time. For the protection of members and beneficiaries, the NJDPB will only accept a designation change by completing the MBOS *Designation of Beneficiary.* The NJDPB will not accept a change over the telephone or through a letter.

For members who are retired or who have submitted a *Retirement Application,* the beneficiaries designated on a retirement application supersede all prior designations once the application is on file at the NJDPB, even if the member later decides to cancel the retirement process. Retired members wishing to update their group life insurance beneficiaries after retirement may submit a *Designation of Beneficiary* form via MBOS.

WITHDRAWAL FROM CONTRIBUTORY GROUP LIFE INSURANCE

A member may withdraw from Contributory Group Life Insurance coverage at any time after completing the mandatory first 12 months of membership. Withdrawal is accomplished by completing a *Notice of Withdrawal from Contributory Group Life Insurance (TPAF)* form, available from the NJDPB.

Unlike waiving Noncontributory Group Life Insurance coverage over $50,000, which can be reinstated annually, the withdrawal from Contributory Group Life Insurance is irrevocable. See the section on *Waiver of Noncontributory Group Life Insurance Coverage over $50,000* for more information on this topic.

Since this is term life insurance, contributions made for contributory insurance are not refundable.

SEASONAL CONTINUANCE OF GROUP LIFE INSURANCE COVERAGE

In the case of 10-month members, group life insurance will continue during the months of July and August as long as the employer-employee relationship exists during this period. If a signed contract is necessary to continue the employer-employee relationship, it must be in place. If a signed contract is not required to continue the employer-employee relationship, the employer will be required to certify that the employee is expected to return and will be rehired in September.

GROUP LIFE INSURANCE WHILE ON A LEAVE OF ABSENCE

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

For an Official Leave of Absence without Pay for Personal Illness

If the official leave of absence without pay is for personal illness, the member's group life insurance coverage will continue for up to two years.

TPAF members are not required to submit premiums for their contributory insurance coverage when taking an official leave of absence without pay for personal illness. Both contributory and noncontributory insurance coverage will continue for up to two years, unless the member had previously elected to withdraw from contributory insurance coverage:

- For TPAF members who had elected to withdraw from contributory insurance coverage prior to taking the leave, only noncontributory insurance coverage will be in effect during the leave of absence period.

If the leave of absence period extends beyond two years, group life insurance coverage ends. The member will have 31 days from the date the leave ends to convert to private coverage.

For an Official Leave of Absence without Pay to Fulfill a Residency Requirement

If the official leave of absence without pay is to fulfill a residency requirement for either an advanced degree or as a full-time student at an institution of higher education, the member's group life insurance will continue for up to one year.

In such cases, TPAF members are required to remit monthly contributory insurance premium payments in order to continue both their contributory and noncontributory insurance coverage. If the monthly contributory insurance premium payments are not remitted, only the noncontributory insurance component will continue; however, there is one exception:

- For TPAF members who have only noncontributory insurance coverage at the time the leave is taken because they had previously elected to withdraw from contributory insurance coverage, no group life insurance will be in effect. The member will have 31 days from the start date of the leave to convert to private coverage.

If the leave of absence period extends beyond one year, group life insurance coverage ends. The member will have 31 days from the start date of the leave to convert to private coverage.

For an Official Leave of Absence without Pay for Personal Reasons

If the official leave of absence without pay is for personal reasons (such as family leave or leave for childcare), the member's group life insurance will continue in full force for up to 93 days.

In such cases, TPAF members wishing to continue their contributory insurance are required to remit monthly contributory insurance premium payments in order to continue both their contributory and noncontributory insurance coverage. If monthly contributory insurance premium payments are not remitted, only the noncontributory insurance component will continue, for up to a maximum of 93 days; however, there is one exception:

- For TPAF members who have only noncontributory insurance coverage at the time the leave is taken because they had previously elected to withdraw from contributory insurance coverage, no group life insurance will be in effect. The member will have 31 days from the start date of the leave to convert to private coverage.

If the leave of absence period extends beyond 93 days, group life insurance coverage ends. The member will have 31 days from the start date of the leave to convert to private coverage.

Continuing Group Life Insurance Coverage and Member Payments While on Leave of Absence

A member may continue contributory insurance coverage during periods of official leaves of absence by forwarding a check, made payable to "TPAF CGIPF" for TPAF Contributory Group Life Insurance, directly to the NJDPB.

The amount due to cover the premium is 0.0040 of the monthly base salary (or biweekly base salary for State employees paid through Centralized Payroll) in effect at the time the member went on leave. The premium payment must be sent in advance on a monthly basis while on leave for as long as the member wishes to keep contributory insurance in effect. The *Personal Insurance Contribution Remittance* form can be found on the NJDPB website.

If the member opts not to make contributory insurance premium payments during a leave of absence, and thereby allows the coverage to lapse, it will be reinstated automatically with the deduction of contributory insurance premiums upon return to employment.

Cancellation of Group Life Insurance While on Leave of Absence

If the leave of absence extends beyond the time frames shown above; or, if a TPAF member opts not to make contributory insurance payments while on the leave, the coverage will terminate. The member has the option to convert the expired group life insurance to a private insurance policy.

GROUP LIFE INSURANCE AND WORKERS' COMPENSATION WITHOUT PAY

If a member becomes disabled due to an illness or injury that is a direct result of regular job duties, the member should immediately apply for an official leave of absence due to illness. The noncontributory insurance will automatically continue for the duration of the leave of absence for up to two years.

N.J.S.A. 18A:66-53 provides that no contributions are necessary because a member is deemed to be in service while collecting Workers' Compensation benefits.

GROUP LIFE INSURANCE UPON TERMINATION OF EMPLOYMENT

If a member terminates employment before retirement, the group life insurance will continue to be in effect for 31 days following the date of termination of employment. During that period, the member may convert the group life insurance to an individual policy with Prudential, not to exceed the dollar amount of coverage in effect as an active member.

TAXABILITY OF GROUP LIFE INSURANCE OVER $50,000

The IRS classifies the cost of all employer-paid group life insurance coverage over $50,000 as a fringe benefit subject to federal income, Social Security, and Medicare taxes. The amount of life insurance coverage is not taxable, but the premium required to pay for the life insurance coverage is taxable. The calculations are different depending on whether the member has both contributory and noncontributory insurance, or noncontributory insurance only.

N.J.S.A. 43:4C-1 permits members of the State retirement systems to waive their Noncontributory Group Life Insurance over $50,000 to avoid a possible federal and State tax liability on that benefit

Note: Even if a member waives the noncontributory insurance over $50,000, there still could be a federal tax liability for those TPAF members who have contributory insurance coverage.

IRS Premium Rates		
	Cost of $1,000 of Protection	
Age Bracket	Per Month	Per Year
Under 25	$0.05	$0.60
25 to 29	$0.06	$0.72
30 to 34	$0.08	$0.96
35 to 39	$0.09	$1.08
40 to 44	$0.10	$1.20
45 to 49	$0.15	$1.80
50 to 54	$0.23	$2.76
55 to 59	$0.43	$5.16
60 to 64	$0.66	$7.92
65 to 69	$1.27	$15.24
70 and above	$2.06	$24.72

**These rates are subject to change by the IRS. Contact the IRS to confirm current rates.*

Determining the Taxable Amount for Members Who Have Both Contributory and Noncontributory Group Life Insurance

To determine the taxable amount, if any, add the amount of noncontributory insurance to contributory insurance and subtract $50,000. 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 the member's age and salary. The premiums paid for contributory insurance coverage (.004 for TPAF) are subtracted from the premium costs determined by the IRS. The remaining premium cost is the taxable amount and is added to the member's *Form W-2* for that year.

Example: *A TPAF member is age 55 and has both contributory and noncontributory insurance coverage. The member's annual base salary is $50,000 so the life insurance coverage totals $175,000 (3.5 x $50,000).*

The fringe benefit amount is determined by subtracting $50,000 from the total benefit amount ($175,000), which equals $125,000. According to the IRS, the premium cost for an individual 55 years of age is $0.43 per $1,000 of coverage per month.

The premium cost in this example is $537.50 (125 x $0.43 x 10).

Under TPAF, members pay premiums equal to .40% of base salary for contributory insurance coverage. In this example this member pays $200.00 (.4% x $50,000) per year.

The net taxable value of the premiums is $337.50 ($537.50 - $200.00).

Determining the Taxable Amount for Members Who Have Noncontributory Group Life Insurance Only

Members of the TPAF who have dropped their contributory insurance coverage have noncontributory insurance coverage only.

To determine the taxable amount, if any, take the amount of the noncontributory insurance coverage and subtract $50,000 from it. 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 age and salary. The premium cost of the remaining life insurance amount is the taxable amount and is added to the member's *Form W-2* for that year.

Example: *A member is age 52 and has an annual base salary of $50,000. The member's life insurance coverage totals $175,000 (3.5 x $50,000).*

The fringe benefit amount is determined by subtracting $50,000 from the total benefit amount ($175,000), which equals $125,000.

According to the IRS, the annual premium cost for an individual 52 years of age is $.23 per $1,000 of coverage per month. The premium cost in this example is $287.50 (125 x $.23 x 10) and would be added to this member's Form W-2. This does not mean that the member would pay an additional $287.50 in taxes, but that $287.50 would be added to the member's taxable wages for the year.

In this example, the member could waive $125,000 of noncontributory insurance coverage because members are only permitted to waive Noncontributory Life Insurance coverage over $50,000. The net taxable value would be reduced to $0.00.

WAIVING NONCONTRIBUTORY GROUP LIFE INSURANCE OVER $50,000

N.J.S.A. 43:4C-1 permits members of the State retirement systems to waive their Noncontributory Group Life Insurance over $50,000 to avoid a possible federal and State tax liability on that benefit. Any member who waives the noncontributory insurance must waive the total amount of noncontributory coverage in excess of $50,000. Waivers of partial amounts are not permitted.

To avoid taxation, a member may waive coverage by completing a *Noncontributory Group Life Insurance in Excess of $50,000 Election Form*. The form, available from the NJDPB must be received by the NJDPB before December 31 to be effective January 1 of the next calendar year. Once a waiver has become effective, it shall be irrevocable for the entire calendar year.

If a waiver is in effect at the time of termination of employment or retirement, the member will not be permitted to convert any amount of noncontributory insurance coverage over $50,000.

Before completing the form, the member should completely understand the ramifications of waiving noncontributory insurance. For more information, refer them to IRS *Publication 525,* which is available at ***www.irs.gov***

The NJDPB will notify the employer on a periodic basis of the waivers processed for their employees. This will be done by sending a computerized report with the names and membership numbers of the members filing waivers.

Canceling the Waiver of Noncontributory Group Life Insurance over $50,000

Once a waiver has become effective, it shall be irrevocable for at least an entire calendar year. The waiver will remain in effect until the member submits a new *Noncontributory Group Life Insurance in Excess of $50,000 Election Form* to the NJDPB. The reinstatements will become effective the following January 1.

The NJDPB will notify the employer on a periodic basis of the cancellation of any reinstatement of noncontributory insurance processed for their employees.

GROUP LIFE INSURANCE UPON RETIREMENT

Life insurance is payable only if the member retires with 10 or more years of pension membership credit or retires on a Disability Retirement. The amount of insurance provided in retirement for all but Disability Retirements is shown in the following chart:

Paid-Up Group Life Insurance Upon Retirement for TPAF Members	
If the member had Noncontributory Insurance	**If the member had Contributory Insurance**
18.75% x salary	43.75% x salary

**Salary is the total base salary upon which pension contributions were based during the highest 12 months (10 months for 10-month employees) preceding retirement or death during active service.*

If a member retires on a Disability Retirement, the noncontributory insurance benefit remains at a higher level until the member reaches normal retirement age: Age 60 for Tiers 1 and 2; age 62 for Tier 3. At normal retirement age the benefit amount is reduced to the normal retiree level. The member may elect then to convert the insurance that has been lost to an individual, non-group policy through Prudential.

Filing for Disability Retirement and Group Life Insurance

When a member files for a Disability Retirement, the life insurance coverage will continue to be in effect while the Disability Retirement benefits are being processed, provided that the member is on an approved leave of absence.

CONVERSION OF GROUP LIFE INSURANCE

If a member is forced to terminate coverage under group life insurance, the member is entitled to convert the same amount of insurance coverage lost to an individual, non-group policy issued by Prudential.

This conversion is guaranteed. The member cannot be refused coverage for health or other reasons, and no physical examination need be taken. The member may select any type of policy customarily offered by Prudential, except term life insurance or a policy containing disability benefits. The individual policy will be effective at the end of the 31-day period following cessation of employment or termination of insurance. The premiums will be higher than the member would pay if otherwise able to qualify medically for an individual policy with any insurance carrier.

A member may convert any dollar amount of group life insurance up to the maximum amount he or she is permitted to convert.

Several examples showing the amount of insurance that may be converted are shown below.

Insurance Amounts That May Be Converted — Examples
Upon Termination of Employment
A TPAF member has a base salary of $40,000 in the 10 months prior to termination and had Contributory Group Life Insurance. • The death benefit would be $140,000 (3.5 x $40,000). • If the member decides to convert the insurance coverage, (s)he could purchase up to $140,000 worth of life insurance.
Upon a Service Retirement
A TPAF member had a base salary of $60,000 during the year before retirement and had Contributory Group Life Insurance. Active coverage = 3.5 x $60,000 = $210,000. • The member would receive a total of $26,250 in paid-up group life insurance in retirement (43.75% x $60,000). • Difference in group life insurance coverage: $210,000 - $26,250 = $183,750. • $183,750 could be converted to an individual, non-group policy with Prudential at retirement.

Insurance Amounts That May Be Converted — Examples
Upon a Disability Retirement
A Tier 1 member had contributory insurance and a base salary of $46,000 the year before retiring on an Ordinary Disability Retirement at age 39. • The member continues to have group life insurance coverage equal to 3.5 times salary, or $161,000 until reaching the service retirement age of 60. • At age 60, the group life insurance benefit would be reduced to 43.75% of final salary, or $20,125. • The member may then convert $140,875 in coverage to an individual, non-group policy with Prudential.
Upon a Deferred Retirement
A Tier 2 member has a base salary of $36,000 during his final year of employment and had contributory insurance. • The active death benefit would be $126,000 (3.5 x $36,000). • The member leaves employment at age 36 and takes a Deferred Retirement, payable at age 60. • When retired at age 60, the member will have paid-up life insurance of $15,750 (43.75% of salary). • Until age 60, the member has no group life insurance in effect. • Within 31 days of terminating employment, the member would be allowed to convert $110,250 of insurance to a individual, non-group policy with Prudential.

Applying for Conversion of Group Life Insurance Coverage

To initiate the purchase of a conversion policy, the member must contact Prudential (not the NJDPB) at 1-855-364-7783, or through any of Prudential's local offices.

The member will have to provide the Prudential agent with his/her group policy number and individual certificate number. The Group Policy number is shown in the "Enrolling in Group Life Insurance" section. The individual certificate number is the member's pension membership number.

If a member returns to public employment after conversion, and the individual policy is still in effect at the time of enrollment in the retirement system, the member will be required to discontinue the individual policy in order to be eligible for coverage as an active member under the group policy.

Death Claims

REPORTING A DEATH

In the event of an active or retired member's death, the importance of contacting the NJDPB immediately to report the member's death cannot be stressed enough. A family member or survivor of the deceased should provide the required information at the time of notification, including: the member's name, current address, Social Security number or retirement number, date of death, and the prospective beneficiary's name, address, and telephone number, or the contact information of the person handling the deceased member's affairs.

Contacting the NJDPB, by calling (609) 292-7524 and selecting the "Report a Death" option, or by email, are both acceptable means of reporting a member's death. However, the claim cannot be processed until a certified death certificate is received. Upon receipt, the claim will be opened and the last designated beneficiary on file will be notified. See the *Death of a Member* Fact Sheet for further information about reporting a death.

Not all retirees are covered by group life insurance after retirement. The law states that a member must have at least 10 years of credited service at retirement to be covered by this benefit, with the exception of those retired on a Disability Retirement.

DEATH IN SERVICE — ACTIVE MEMBERS

When an active member dies, but not as a direct result of regular or assigned duties, his or her named beneficiaries are entitled to the payment of the return of accumulated deductions, plus the active group life insurance benefit. The group life insurance benefit amount depends on whether the member was covered by noncontributory insurance, contributory insurance, or both.

EMPLOYER RESPONSIBILITIES

Employer responsibilities include:

- Completion of the *Employer Certification: Death Claim For PERS/TPAF/PFRS/SPRS Members,* sometimes referred to as a *P-29,* which is also an acceptable form of notification of a death.
- You must provide the most recent salary and pension contribution information for the period prior to the date of death of the member. This is required in order to avoid the delay of waiting for the Quarterly Report of Contributions before processing the claim.
- Also indicated on this form is the employment status of the member at the time of death. This includes the last day of active service, if the member resigned or was on a leave of absence without pay, etc.
- The completed certification should be returned to the NJDPB within three days of receipt (faxes are acceptable to initiate a claim, but the original must be forwarded to the NJDPB immediately).

  Note: You must complete Section #9: "Was member on an official leave of absence with or without pay?" If you indicate that a member was on an approved leave of absence without pay, you must give the date the leave was granted, the reason for the leave, and supporting documentation.

The following documents should accompany the *Employer Certification: Death Claim For PERS/TPAF/PFRS/SPRS Members* if the deceased member was on leave at the time of death:

- Board minutes/administrative approval of a leave of absence; or
- Any written documentation approving a leave; the document must indicate whether the member was on a leave without pay. This document must also include the start date and end date of the approved leave and the reason for the leave.

Failure to complete this portion will result in a delay in the processing of the death claim.

ACCIDENTAL DEATH IN SERVICE

If an active member dies as a direct result of an accident while in the performance of regular or assigned duties and the death is not a result of willful negligence, then Accidental Death benefits may be awarded to the member's beneficiary(ies) by the TPAF Board of Trustees.

Accidental Death benefits include the payment of group life insurance benefits (noncontributory and contributory, if in effect), plus a pension benefit to the surviving spouse,[1] civil union partner,[2] or same-sex domestic partner,[3] in the amount of 50 percent of the member's Final Salary.

This pension benefit will cease if the surviving spouse/partner of the deceased TPAF member subsequently remarries or enters into a new civil union after the member's date of death.

For further details concerning benefits if there is no surviving spouse/partner, refer to the *TPAF Member Guidebook.*

All requests for Accidental Death benefits should be referred to the TPAF Secretary of the Board of Trustees. The notification should be provided in writing by submitting the *Employer Certification — Accidental Death on Duty* form, or by letter.

[1]A surviving spouse is a person to whom the member was married on the date of his/her death and who has not remarried or entered into a new civil union.

[2]A surviving civil union partner is a person of the same sex with whom the member had entered into a civil union and who has not entered into a new civil union or remarried.

[3]A surviving same-sex domestic partner who has not entered into a new civil union or remarried.

The NJDPB will request the following information from the employer:

- *Employer Certification — Accidental Death on Duty*;
- Employer's Accident Report;
- Police Report and/or Autopsy Report; and
- Witness Statements.

The NJDPB will request the following information from the surviving spouse/partner:

- *Application for Accidental Death Benefits;*
- Certified Death Certificate;
- A copy of the government issued marriage certificate (if the marriage certificate is in a language other than English, an English translation must also be submitted); or a copy of the New Jersey certificate of civil union dated prior to October 2013, or a valid certification from another State or foreign jurisdiction that recognizes same-sex civil union partners; or a copy of the New Jersey certificate of domestic partnership dated prior to February 19, 2007, or a valid certification from another State or foreign jurisdiction that recognizes same-sex domestic partners; and
- A copy of the most recent tax return (Form 1040) that includes the spouse or civil union partner or domestic partner. For married members, a copy of the tax return is not required if the marriage occurs within 12 months of the date the member passed. Only the first page of the tax return is required and must include the spouse or partner's name (financial data and all but the last four digits of Social Security numbers should be redacted to protect privacy). For married members, the tax return must show a "Married" filing status. If the subscriber and dependent spouse reside at separate addresses, both the subscriber's and the spouse's most recent tax return must be submitted. (If the subscriber or spouse submits a "Head of Household" filing status on their return, the other individual's return must have a "Married filing separately" filing status. Tax returns with a "Single" filing status will not be accepted.)

Note: The Report of Death must be filed with the NJDPB within 60 days of the event. The Board of Trustees may waive the time limit for a reasonable period but under no circumstances should the application be filed beyond five years from the date of death.

For more information, please see the *Civil Unions and Domestic Partnerships* Fact Sheet.

Withdrawals

OVERVIEW

Any TPAF member who terminates covered employment prior to retirement may withdraw the pension contributions in his or her account, if certain criteria established by statute are met. See the *Withdrawal from the Retirement System* Fact Sheet for additional information.

Application for Withdrawal through MBOS Required

An eligible member who terminates employment and chooses to withdraw from a pension account must use the MBOS *Application for Withdrawal.*

Upon receipt of both the *Application for Withdrawal* and the *Employer's Certification for Withdrawal,* the NJDPB will refund the contributions of eligible members. Withdrawing members receive interest on their withdrawn contributions at a rate of two percent; no interest is payable if the member has less than three years of membership credited to the account at the time of termination.

There are no provisions for partial withdrawals.

The NJDPB also offers an Automated Information System at (609) 292-7524 for general withdrawal information, or information pertaining to an individual withdrawal claim.

EMPLOYER RESPONSIBILITIES

The *Employer's Certification for Withdrawal* is to be completed through EPIC by the former employer after the member has terminated employment. Forms completed in advance of termination of employment will not be accepted. The *Employer's Certification for Withdrawal* must be completed in its entirety or the claim cannot be processed.

The employer should contact the NJDPB if any inactive employee returns to covered employment within the two-year period or before the account is expired. The account will be reactivated at the same rate of contribution and service credit. The period during which the member was inactive constitutes a break in service.

In the event that an employee is dismissed from service, a withdrawal claim cannot be paid if the member is appealing the dismissal. The State Merit System Board is contacted when a member covered by the merit system is dismissed. If an appeal has been filed, the withdrawal is not paid until the appeal has been settled and the status of the employee is clarified.

If the employee is a participant in the Supplemental Annuity Collective Trust (SACT) or the New Jersey State Employees Deferred Compensation Plan (Deferred Comp), and is choosing to withdraw all accumulated salary deductions in the retirement system, a separate application to withdraw from these funds must also be filed with the NJDPB.

INACTIVE MEMBERSHIP

Any member who resigns may leave the accumulated contributions with the pension system and continue on an inactive status for a period of up to two years. Interest is credited to the account if the member had at least three years of service credit during this period of membership. After the two-year inactive period, the account is considered expired. Additional interest will not accrue on expired accounts.

Prior to the completion of the two-year inactive period, the NJDPB will send both the member and the employer an *Expiration Notice.* A copy is sent to the former employer in case the employer has an updated address for the member. The employer is asked to forward the notice since failure to notify the employee may jeopardize the member's eligibility for retirement benefits, if any.

Once an account has expired, the contributions and accrued interest will remain in the expired account until the member applies for withdrawal. Additional interest will not accrue on expired accounts.

EXTENSION OF INACTIVE MEMBERSHIP PERIOD

An employee's membership will not end two years after his or her last contribution if he or she is granted an official leave of absence; the two-year period begins at the end of the leave of absence.

If a member's employment is terminated through no fault of the member (e.g., abolishment of the position, layoff, reduction in force), the inactive period will be extended for an additional eight years for a total of 10 years.

Note: Extensions are not automatic.

Documentation from the employer showing that the leave of absence was extended or that the termination was not voluntary must be submitted to the NJDPB. The extension of inactive status up to 10 years only gives the member the right to start contributing to the retirement system should he/she once again obtain TPAF employment; it gives the member no other rights or benefits.

In the event that an account does not become active within the extension, the member will be notified in writing concerning the date that his or her account will expire.

WORKERS' COMPENSATION AND WITHDRAWAL

Under the provisions of the statutes as interpreted by court decisions, pension contributions are made if the employee is awarded Workers' Compensation benefits.

An employer is required to make pension contributions on behalf of an employee receiving periodic payments based on temporary or permanent Workers' Compensation awards. The voluntary resignation or retirement of an employee receiving any kind of Workers' Compensation frees the employer from pension contributions on behalf of the member.

The question on the *Employer's Certification for Withdrawal* concerning periodic benefits under a claim filed for Workers' Compensation must be answered because it may have pension consequences that affect withdrawal. Lump-sum awards under Workers' Compensation need not be listed because they have no effect on an *Application for Withdrawal.* For more information, see the *Workers' Compensation* Fact Sheet.