

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

Applying for Retirement

Public Employees' Retirement System • Teachers' Pension and Annuity Fund

BEFORE YOU RETIRE

You should inquire about retirement at least six months before your retirement date. This will give you enough time to review your benefits and options. You may also request an *Estimate of Retirement Benefits*, which estimates your monthly retirement allowance, the benefits payable to your beneficiary upon your death under the various retirement options, and your life insurance benefits.

Obtain a retirement estimate. Members within 2 years of retirement can obtain an estimate of retirement benefits using the Member Benefits Online System (MBOS). MBOS is a set of Internet based applications that allow registered members access to information about their pension. Register with MBOS at: www.state.nj.us/treasury/pensions (select "Online Member Services - MBOS").

To hear an estimate of retirement benefits over the phone, you may call the Division of Pensions and Benefit's Automated Information System at (609) 777-1777. You may also submit a *Request for Retirement Estimate* form which is available from your benefits administrator, the Division's Web site (select "Forms and Publications"), or by calling (609) 292-7524. The form must be forwarded to the Division for processing.

If you provide us with the name and birth date of your beneficiary, we will estimate your Maximum Allowance along with alternate payment options to your beneficiary.

SUBMITTING YOUR APPLICATION

Applying for Retirement Registered MBOS users can apply for retirement online at: www.state.nj.us/treasury/pensions (select "Online Member Services - MBOS") This is an easy, secure, and accurate way to apply for retirement. If you do not have Internet access you can obtain an *Application for Retirement Allowance* from your benefits administrator or the Division of Pensions and Benefits.

Whether you apply for retirement online through MBOS or by written application be sure to carefully

read the instructions and the available fact sheets about retirement prior to submission. It is your responsibility to file for retirement. Your application must be received by the Division of Pensions and Benefits before your retirement date. All retirements are effective the first of a month. ***Under no circumstances can a retirement become effective prior to the date the application is received by the Division of Pensions and Benefits.*** Four months advance filing is recommended. Processing time varies and cannot begin until we have received all the necessary information from **both** you and your employer.

If you have not furnished proof of your age to the Division, you must submit a photocopy of your proof of age to the Division. Proof of age for your beneficiary is required under Options A, B, C, D, 2, 3, and 4. For an explanation of your options at retirement see Fact Sheet #5, *Pension Options*.

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

If you retire with an outstanding loan balance, you must decide how you wish to repay your loan. You may:

- pay the loan ***in its entirety*** prior to receiving any benefits; or
- continue your monthly loan repayment schedule into retirement until the loan balance ***plus interest*** has been repaid.

TYPES OF RETIREMENT

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

Service Retirement

This is the type of retirement for which most members qualify. The retirement age is 60 or older and no minimum amount of membership credit is required. The benefit is calculated using the following formula:

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

For example: A member with 22 years of service would receive 22/55 or 40 percent of Final Average Salary. You receive a slightly higher percentage for each additional month of service.

'Years of Service' means the amount of membership credit you have accumulated in your account.

'Salary' means the base salary on which your pension contributions are based. It does not include extra pay for overtime or money given in anticipation of your retirement.

'Final Average Salary' means the average salary for the 36 months (30 months for employees with 10 month contracts) immediately preceding your retirement. If your last three years are not your highest years of salary, your allowance will be calculated using your three highest fiscal years (July - June) of salary. If this is the case, you must indicate it on your retirement application.

Early Retirement

Available to members who have 25 years or more of membership credit before reaching age 60. If you were hired before July 1, 2007, the benefit is calculated using the Service Retirement formula shown above. If you retire before age 55, your allowance is permanently reduced 1/4 of 1 percent for each month under that age (3 percent per year). For example, if you retire at age 54, you will receive 97 percent of your full retirement allowance. If you retire between the ages of 55 and 60, there is no reduction.

For those hired after July 1, 2007 who retire after 25 years of service credit between the ages of 55 and 60 have an allowance reduction of 1percent per year (1/2 of 1percent per month) for each year under the age of 60. For those under the age of 55 a 3percent reduction for each year under the age of 55 will be made.

Deferred Retirement

Available to members who have at least ten years of membership credit (but less than 25 years) and are not yet 60 years of age when they terminate employment. If a member is removed from employment for cause on charges of misconduct or delinquency, the member would be ineligible for deferred retirement benefits.

You must file an application to receive a Deferred Retirement before the retirement can become effective and payments can begin. After filing and upon reaching

age 60, you will begin to receive a retirement allowance based on the Service Retirement formula (shown on page one). If you do not file before you attain age 60, your retirement will be effective on the first on the month after the Division receives your properly completed retirement application.

Your life insurance coverage is not in effect between the time you terminate employment and your Deferred Retirement becomes effective. If you die between the time you terminate employment and your retirement becomes effective, the beneficiary on your Deferred Retirement application will receive the return of your pension contributions with interest. If you have terminated employment and not filed for Deferred Retirement, the last named beneficiary on your account will receive the return of your pension contributions with interest. There is no other death benefit under these circumstances.

At any time before your Deferred Retirement becomes effective, you may change your mind and apply for withdrawal of your contributions instead. Once you cancel your Deferred Retirement and withdraw your contributions, all the rights and privileges of membership end.

Veteran Retirement

Available to qualified military veterans. If you are not already listed as a veteran on the Division of Pensions and Benefits' records, you should submit a copy of your DD 214 or discharge papers showing both your induction and discharge dates to:

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

Attach a note to the discharge papers indicating that you want to obtain veteran status for pension purposes and include your address on the note.

For additional information on veteran status, see Fact Sheet #17, *Veteran Status*.

Qualified veterans must be in active employment until the effective date of retirement or must have met the requirements for a Veteran Retirement as of their termination date.

Veterans may retire after 25 years of membership credit at age 55 or older or after 20 years of membership credit at age 60 or older. The annual benefit is equal to

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54.5 percent of the salary upon which pension contributions were based during the last year of employment or highest 12 consecutive months of base salary.

Veterans with 35 or more years of membership credit at age 55 or older are entitled to an annual allowance based on the member's highest 12 consecutive months of base salary, as shown in the following formula:

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

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

DISABILITY RETIREMENT

Disability retirement benefits are also available. See Fact Sheet #15, *Disability Retirement*, for additional information.

SURVIVOR BENEFITS

Payment options are available that provide a portion of your pension benefit for a surviving spouse/partner, child or other beneficiary. Please see Fact Sheet #5, *Pension Options* (PERS & TPAF), for more information.

OTHER INFORMATION

Group Life Insurance

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

When a retired member dies, the named beneficiaries are entitled to the payment of group life insurance benefits (if eligible).

Retired Group Life Insurance Amounts

At retirement, you are asked on your application to name a beneficiary(ies) for pension benefits and separately name beneficiaries for group life insurance benefits. Some restrictions apply to who may be named for pension benefits, however, you may name any organization, your estate, or trust as beneficiary for group life insurance benefits. You may also change your group life insurance designation at any time during your retirement by filing a properly completed *Designation of Beneficiary* form. The *Designation of*

Beneficiary form can be obtained over the Internet at: www.state.nj.us/treasury/pensions, by contacting the Division of Pensions and Benefits, or from your employer.

PERS INSURANCE COVERAGE WHILE RETIRED		
Type of Retirement	Death before age 60	Death after age 60
Service & Veteran	Does not apply	3/16 x salary
Early	3/16 x salary	3/16 x salary
Deferred	None	3/16 x salary
Disability	1½ x salary	3/16 x salary

NOTE: The fractions shown in the boxes above and below apply to the total base salary upon which pension contributions were based during the year preceding retirement or (for TPAF members only) the highest contractual year.

TPAF INSURANCE COVERAGE WHILE RETIRED				
Type of Retirement	Members with noncontributory insurance only		Members with both non- & contributory insurance	
	Death before age 60	Death after age 60	Death before age 60	Death after age 60
Service	Does not apply	3/16 x salary	Does not apply	7/16 x salary
Early & Veteran	3/16 x salary	3/16 x salary	7/16 x salary	7/16 x salary
Deferred	None	3/16 x salary	None	7/16 x salary
Disability	1½ x salary	3/16 x salary	1¾ x salary	7/16 x salary

Registered MBOS users can review or change their current beneficiary designations online. MBOS is a set of Internet based applications that allow registered members access to information about their pension. To register go to: www.state.nj.us/treasury/pensions (select "Online Member Services - MBOS").

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

Beneficiary designations cannot be accepted nor confirmed over the telephone or by e-mail. The Division will only accept a written request from the member.

Conversion

For most members, group life insurance is reduced at retirement. You have 31 days after termination of employment to convert the amount of insurance that was reduced to private individual insurance coverage. If you wish to supplement this coverage with either a conversion policy from the Prudential Life Insurance Company, or a policy from another insurance carrier, it is best to begin exploring your options at least four months prior to your retirement. To estimate the cost of conversion to a private policy with the Prudential Life Insurance Company, please see the conversion calculator at: www.state.nj.us/treasury/pensions/conversion-calc.htm

For additional information about the conversion of group life insurance, see Fact Sheet #13, *Conversion of Group Life Insurance*.

RETURNING TO PUBLIC EMPLOYMENT

Returning to public employment in New Jersey after your retirement may jeopardize your retirement benefits. If you return to employment in a position covered by the same retirement system from which you retired (and for PERS members, if PERS eligible employment pays more than \$15,000 per year), you should expect to cancel your retirement and reenroll in the retirement system.

Before you consider returning to employment, contact the Division of Pensions and Benefits and request Fact Sheet #21 (PERS) or #28 (TPAF), *Employment After Retirement*, on the procedures to follow when returning to public employment in New Jersey.

HEALTH BENEFITS

Your *Application for Retirement Allowance* does not automatically enroll you in retired health benefits coverage.

Employees who are covered by the New Jersey State Health Benefits Program (SHBP) through their employer will be offered SHBP coverage when they retire.

If eligible, you will receive a letter approximately three months before your retirement date offering you enrollment in the SHBP.

Some employers have agreed to pay for the cost of coverage for those with 25 years of service credit (and those on disability retirements).

Fact Sheet #11, *Enrolling in the State Health Benefits Program When You Retire*, provides additional information about continuing your health benefits coverage in retirement.

If you are **not** covered by the State Health Benefits Program, contact your employer about continuing your coverage.

COST-OF-LIVING ADJUSTMENTS

The Pension Adjustment Program provides cost-of-living adjustments to you and your eligible survivors if you are receiving a monthly retirement allowance from one of the state-administered retirement systems. The first adjustments are computed annually and the adjustment is reflected in the February 1st check (which is payment for the month of January). If your spouse/partner or beneficiary is entitled to receive a monthly pension upon your death, the COLA will be applied to that benefit based upon your year of retirement. See Fact Sheet #18, *Cost-of-Living Adjustments*, for further information.

FACT SHEETS ONLINE

The Fact Sheets mentioned in this publication can be viewed on the Division's Web site at: www.state.nj.us/treasury/pensions

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**New Jersey Division of Pensions and Benefits • PO Box 295 • Trenton, New Jersey 08625-0295
(609) 292-7524 • TDD for the hearing impaired (609) 292-7718**

URL: <http://www.state.nj.us/treasury/pensions> • E-mail: pensions.nj@treas.state.nj.us

This fact sheet is a summary and not intended to provide total information.

Although every attempt at accuracy is made, it cannot be guaranteed.