

Teachers' Pension and Annuity Fund Member Handbook

Last Updated: October 2, 2007

FOREWORD

The New Jersey Teachers' Pension and Annuity Fund Member Handbook has been revised to incorporate changes to the retirement system made since the last version was published in 1994 and updated in 1996. The Member Handbook provides a summary description of the benefits of the plan and outlines the rules and regulations governing the plan. The Member Handbook should provide you with all the information you need about your TPAF benefits. It is as accurate as we could make it, however, if there is a conflict with statutes governing the plan or regulations implementing the statutes, the statutes and regulations will take precedence. If you are unsure of or have questions about any aspect of your TPAF benefits, you should ask your employer representative or a counselor at the Division of Pensions and Benefits about them.

Since this is your Member Handbook, we would appreciate any comments or suggestions for improvement that you might have. Please send them to the following address:

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

THE RETIREMENT SYSTEM

The Teachers' Pension and Annuity Fund (TPAF) was established in 1919 and completely reorganized in 1955. The Division of Pensions and Benefits is assigned all administrative functions of the retirement system except for investment. The TPAF Board of Trustees has the responsibility for the proper operation of the retirement system. The Board consists of three active or retired members of TPAF, one individual appointed by the other trustees, the State Treasurer and two individuals appointed by the Governor with the advice and consent of the Senate. The Board meets once a month. An active or retired member of TPAF who wishes to be a candidate for the TPAF Board of Trustees must be elected at the annual convention. For more information contact the Secretary of the TPAF Board of Trustees, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The purpose of this handbook is to provide you with information about the retirement system to assist you in making decisions concerning your future and your family's future. If you have questions concerning the retirement system benefits, please see page 24 for information on contacting the Division of Pensions and Benefits.

A current version of this booklet can be found on the Internet at www.state.nj.us/treasury/pensions/tpafman.htm. Be sure to check in on the Division of Pensions and Benefits [homepage](#) to learn of any new developments affecting TPAF.

MEMBERSHIP

Eligibility Criteria

Employees appointed to positions requiring certification by the New Jersey Department of Education as members of a regular teaching or professional staff of a public school system in New Jersey are required to enroll as a condition of employment. Employees of the Department of Education holding unclassified, professional and certificated titles are also eligible for membership.

Factors for Ineligibility

You cannot join TPAF if:

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

If in doubt, write to the Division of Pensions and Benefits for an administrative determination.

ENROLLMENT

Enrollment/Certification of Payroll Deductions

Both you and your employer must complete the enrollment application for you to enroll in the retirement system. If you qualify for veteran status (see [definition](#)), you should submit a photocopy of your military discharge (DD Form 214), showing both their induction and discharge dates, to the Department of Military and Veteran's Affairs.

If you do not have your discharge papers (DD 214), you should write to:

**National Personnel Records Center
Military Personnel Records
9700 Page Avenue
St. Louis, MO 63132-5100**

You can also request your discharge papers on-line at: www.archives.gov/research room/vetrecs

To obtain discharge papers for the Merchant Marines, you should write to:

**Maritime Administration (MAR-250)
400 7th Street S.W., Room 7302
Washington, D.C. 20590**

. Your employer will send the completed application to the Division of Pensions and Benefits for processing. When processing is complete, you and your employer will receive a Certification of Payroll Deductions showing the date deductions will begin, your rate of contribution and any back deductions due.

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

Proof of Age

All members of TPAF must provide a copy of proof of their age before retiring. You should attach your proof of age to your enrollment application; however, do not delay sending the enrollment application if proof of age is not readily available. Acceptable evidence of your age includes a copy of:

- your birth certificate; or
- your passport; or
- naturalization or immigration papers; or

- certain other records including baptismal records, military records, census records, school or business records, age recorded on marriage licenses and insurance or children's birth records.

Contribution Rate

The members' contribution rate in TPAF is normally 5 percent of base salary, except in special circumstances as determined by the State Treasurer, where they could be as low as 4.5 percent. Your contribution rate is applied to your base salary to determine your pension deductions. Base salary does not include overtime, bonuses or money you receive as an adjustment before retirement, nor does it include additional salary for performing temporary or extracurricular duties beyond the regular school day or the regular school year. Your pension contributions are deducted from your salary each payday and reported to TPAF by your employer.

Since TPAF is a "qualified" pension plan under the provisions of the Internal Revenue Code, Section 401(a)(17) the current federal ceiling on pensionable salary (\$225,000 in 2007) applies to base salaries of TPAF members.

Since January 1, 1987, your mandatory pension contributions have been federally tax deferred. Under the 414(h) provisions of the Internal Revenue Code this reduces your gross wages subject to federal income tax. Purchases of service credit are voluntary pension contributions and are not tax deferred.

TRANSFERS

Intrafund Transfer

If you terminate your current position covered by TPAF and accept a position also covered by TPAF, your new employer should file a Report of Transfer with the Division of Pensions and Benefits. By doing so, you may continue your same membership in TPAF provided:

- you have not withdrawn your membership nor has your account expired (see [When Membership Ends](#));
- you are not a multiple member (see this page for the [definition of a "multiple member"](#)). If you are a multiple member, your new employer should file an Enrollment Application instead of a Report of Transfer.

If you meet the above criteria, you are immediately eligible to continue membership in the retirement system with the new employer.

Interfund Transfer

If you terminate your current position covered by TPAF and accept another position covered by a different New Jersey State-administered retirement system, you may transfer your contributions and service credit to the new retirement system provided:

- you have not withdrawn your membership nor has your account expired (see [When Membership Ends](#));
- you are not a dual member with concurrent service (see the following for the definition of a "dual member"); and
- you meet the eligibility requirements of the second system.

If you are interested in transferring your membership account, an enrollment application for the new system and an Application for Interfund Transfer should be submitted by your employer to the Division of Pensions and Benefits when you meet the eligibility requirements of the new retirement system.

MULTIPLE & DUAL MEMBERSHIP

You are considered a **MULTIPLE** member, if you are employed and reported to the retirement fund by more than one TPAF participating employer. For example, if you were a part-time music teacher working for more than one TPAF employer, you are enrolled as an employee of each employer. All of your base salaries are posted to your account and consolidated in calculating your retirement benefit. In terms of service credit, however, no more than 12 months of service credit will be given for any calendar or fiscal year. You are required to file an enrollment application from each employer. Once you have established multiple membership, you will be classified as a multiple member for your entire membership. Multiple members cannot withdraw or begin to collect retirement benefits until they have retired from or terminated every position covered by TPAF.

You are considered a **DUAL** member, if you are a member of more than one New Jersey State-administered retirement system at the same time. For example, if you are a State employee and a member of the Public Employees' Retirement System (PERS) and an educator and a member of TPAF, you are a dual member. Unlike the multiple member, a dual member's contributions and service credit are kept separate. Benefits will be paid separately from each system in the event of death, retirement or withdrawal.

SERVICE CREDIT

It is important that you receive the appropriate amount of credit for the amount of time you work. You receive credit for one month of service for each month you make a full pension contribution. For those employers who report service and contributions biweekly, their employees will receive one pay period of service credit for each pay period a full pension contribution is made. Employees paid on a ten-month contract from September through June will receive credit for the July and August that preceded September, if a full month's pension deduction is taken for September.

CREDIT FOR MILITARY SERVICE AFTER ENROLLMENT

The federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) provides that a member who leaves employment to serve on active duty is entitled to certain pension rights upon return to employment with the same employer. The time in military service is to count, for vesting and retirement qualification purposes, as though the employee had not left; however, the member will have to make the pension contributions normally required to have the military service time included in the calculation of the retirement benefit.

PURCHASING SERVICE CREDIT

Since your retirement allowance is based in part on the amount of service credit posted to your account at the time of retirement, it may be beneficial for you to purchase additional service credit if you are eligible to do so. Only active members of the retirement systems are permitted to purchase service credit. In no case can you receive more than one year of service credit for any calendar or fiscal year. A Dual member cannot purchase concurrent service.

TYPES OF SERVICE ELIGIBLE FOR PURCHASE

Temporary Service – Members are eligible to purchase service credit for temporary, provisional, or substitute employment if the employment was continuous and immediately preceded a permanent or regular appointment with the same employer.

- Members are allowed to purchase temporary service rendered under a former account.
- Employment as a full-time regular substitute is eligible for purchase.

Leave of Absence Without Pay – Members are eligible to purchase service credit for official leaves of absence without pay. (Up to 2 years for personal illness; up to 93 days for personal reasons.)

- Maternity leave is considered personal illness. A certification from a physician that a member was disabled due to pregnancy and resulting disability for the period in excess of three months is required. **Otherwise**,

three months is the maximum period of purchase for maternity.

- Child care leave is eligible for purchase as a leave for personal reasons.
- A leave of absence without pay under a former membership may be eligible for purchase.
- If a member who is employed 10 months per year, goes on an approved leave for personal reasons for the months of May, June, or September, the member will be allowed to purchase a maximum of 5 months.

Former Membership Service – Members may purchase all service credited under a previous membership (PERS, TPAF, PFRS) which has been terminated after two continuous years of inactivity in accordance with statute or by withdrawal by the member of the contributions made under such membership.

Out-of-State Service – 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 membership in a New Jersey 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.

U.S. Government Service – 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 administered retirement system if rendered as a public employee in this state. This service is only eligible for purchase if the member is not receiving or eligible to receive retirement benefits from the federal government based in whole or in part on this service.

Military Service Before Enrollment – Members may purchase credit for up to 10 years of 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.

Uncredited Service – Any regular employment with a public employer in New Jersey for which the member does not now have retirement credit. This would have been credit for time when you should have been, or were required to be, enrolled, but you were not.

Local Retirement System Service – Members may purchase service credit established within a local retirement system in New Jersey if they were ineligible to transfer that service to the TPAF upon withdrawal from the local retirement system. This service is only eligible for purchase if the member is not receiving or eligible to receive retirement benefits from that public pension fund.

IMPORTANT PURCHASE NOTES

- If you qualify as a non-veteran, you are eligible to purchase an aggregate of 10 years of service credit for work outside New Jersey (Out-of-State, Military, and U.S. Government Service).
- If you qualify as a veteran, you may be eligible to purchase an additional 5 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).
- When statute specifically provides that the employer shall not be liable for any costs of the purchase, you, as the member, must pay the full cost. If you purchase U.S. Government Service or Military Service Before Enrollment, you are responsible for the full cost; therefore, the cost quoted to you for purchasing these types of service will be twice the cost for other types of purchase.
- 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.

- The contributions you make to purchase service credit are not federally tax deferred like your normal pension contributions. The purchase cost will not be included as taxable income when you start receiving benefits at retirement.

COST AND PROCEDURES FOR PURCHASING SERVICE CREDIT

You may obtain a quotation of the cost for purchasing additional service credit by submitting a purchase application to the Division of Pensions and Benefits. This form is available from your employer or by writing to the Division of Pensions and Benefits. You can receive an estimate of the cost of purchasing service credit by calling the automated system at (609) 777-1777.

The cost of a purchase is based on your nearest age at the time your request is received and the higher of your current annual salary or highest fiscal year salary posted to your account. The cost of the purchase will increase with an increase in your age and/or salary.

No quotations of cost will be calculated until verification of employment is received by the Division of Pensions and Benefits. It is the members responsibility to obtain certification of employment from the former employer for the purchase of out-of-state or U.S. Government service. The cost of a purchase is based on three factors:

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

To estimate the cost of a purchase, multiply the higher of your current annual salary or highest fiscal year salary times the actuarial factor corresponding to your nearest age. The result is the cost of one year of service. Multiply this cost by the appropriate number of years being purchased. This procedure can be used for calculating the cost of Temporary Service, Former Membership, Leaves of Absence, Uncredited Service, Out-of-State Service and Former Membership in a Local, County or Municipal Retirement System.

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

Purchase Rate Chart			
AGE	PURCHASE FACTOR	AGE	PURCHASE FACTOR
20	0.031379	45	0.048761
21	0.031759	46	0.049932
22	0.032158	47	0.051155
23	0.032578	48	0.052433
24	0.033018	49	0.053768
25	0.033480	50	0.055163
26	0.033964	51	0.056620
27	0.034471	52	0.058144
28	0.035002	53	0.059737
29	0.035558	54	0.061403

30	110.036139	155	00.063145
31	0.036748	56	0.064967
32	0.037384	57	0.066873
33	0.038048	58	0.068868
34	0.038743	59	0.070956
35	0.039469	60	0.073142
36	0.040227	61	0.072021
37	0.041019	62	0.070853
38	0.041847	63	0.069637
39	0.042711	64	0.068380
40	0.043613	65	0.067083
41	0.044555	66	0.065746
42	0.045539	67	0.064376
43	0.046567	68	0.062973
44	0.047640	69	0.061545

The cost of purchasing service is borne by both you and the participating employers with the important exceptions of military service and U.S. Government civilian service. If purchasing these types of service credit, you must pay both the employee and employer share of the cost.

EXAMPLE: Member, age 45, earning \$60,000 a year, wishes to purchase 18 months temporary service:
 Purchase Factor (from chart) = 0.048761

Purchase Factor		Annual Salary	X	Time Being Purchased	=	Purchase Cost
0.048761	X	\$60,000	X	1.5 years	=	\$4,388.50

If the same member were to purchase 18 months of military service, the Purchase Cost would be \$8,777 or twice the amount of the temporary service.

After the Division of Pensions and Benefits processes your application to purchase service credit, you will receive a quotation of the cost of the purchase. You must respond to the quotation letter within the specified time period. When you agree to purchase a certain amount of service credit, the Division of Pensions and Benefits assumes that you will complete the purchase and credits your account with the entire amount of service even if you are paying the cost through payroll deductions. Any estimates of retirement allowance you receive, including your Personal Benefits Statement, are based on the full amount of credit you agreed to purchase.

You may pay the cost of purchasing service credit:

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

If you retire before completing the purchase, you will receive prorated credit for the amount of service actually purchased or you can pay the balance at the time of retirement and receive full credit.

A member who authorizes a purchase of service credit through payroll deductions may cancel those deductions at any time. No refunds will be made of any lump sum payments, partial payments or installment payments. The member will receive a prorated credit for the service purchased to the date installment payments cease. Any subsequent requests to purchase the remaining service credit shall be based on the laws and rules in effect on the date that the subsequent request is received. If you have an outstanding arrears obligation for the purchase of additional service credit, interest may be assessed if there was a lapse in payments of two years or more toward the purchase.

LOANS

Active contributing members are eligible to borrow from their account twice per calendar year up to a total of one half of their accumulated pension contributions.

You may obtain a loan application from your employer, or you may download an application from the Internet.

Loans are governed by the following conditions:

- **Service Credit:** You must have three years of pension membership credit posted to your account in the retirement system. Pension contributions are posted to your account on a quarterly basis. It normally takes 60 days after the end of a quarter for your contributions to be posted to your account. For example, if you enrolled in the pension fund on January 1, 1999, you would not have three years posted to your account until March, 2002.
- **Loan Amount:** Loans are made in multiples of \$10. The minimum amount you may borrow is \$50. The maximum you may borrow is one-half of the contributions you have made which are posted to your account. You may learn the amount you may borrow by calling the Automated Information System at (609) 777-1777.
- **Loan Repayment –** The minimum deduction toward the repayment of a loan is equal to the normal pension contribution rate of 5 percent of salary at the time of your request. The maximum deduction toward the repayment of your loan is 25 percent of your base salary. The maximum time period over which a loan may be repaid is 5 years. You may learn the minimum deduction toward the repayment of a loan by calling the Automated Information System at (609) 777-1777. The minimum loan repayment amount will be the same whether you borrow \$500 or \$5,000; however, the repayment of a larger loan will continue for a longer period than for a smaller loan. If you are out of work without pay after loan payments are set up, no loan payments will be made until you return to work and interest will continue to accrue.
- **Interest –** Interest is charged at the rate of 4% per year on the remaining balance.
- **Number of Loans Per Year –** You may borrow twice in any calendar year. This is determined by the date of the check, not the date of the request. For example, if you made a request for a loan on December 24th but the check was dated January 5th, the loan would be your first for the new year.
- **Upon Return From an Unpaid Leave of Absence –** If you return from an unpaid leave of absence, your employer must complete the bottom portion of the Loan Application to certify that you have returned to employment.

Members may borrow regardless of age. If you retire before repaying the outstanding balance of your loan, your loan will be carried into retirement. That is, your pension allowance will be reduced by the same monthly amount you were paying towards your loan just prior to retirement. You may also repay your outstanding loan balance in one lump sum prior to retirement.

If you die before repaying your loan (either before or after retirement), the outstanding balance will be deducted from the proceeds of any benefits being paid to your beneficiaries. If you terminate employment and withdraw your contributions before repaying your loan, all your contributions less the loan balance will be returned to you.

The Automated Information System at (609) 777-1777 gives you complete access to information you may need about loans. It will tell you if you are eligible to borrow, how much you can borrow, and when your check will be sent if you have filed for a loan. It will also allow you to model different loan and repayment amounts before you file for a loan. It will also provide you the current balance on an existing loan.

SUPPLEMENTING YOUR PENSION

In addition to your regular pension contributions, there are other opportunities to supplement your retirement income and possibly set aside money on a tax-deferred basis. All active TPAF members are eligible to participate in the Supplemental Annuity Collective Trust (SACT) and may also be eligible to contribute to a deferred compensation plan (IRC Section 457). Contact your employer to see if this is available to you.

Supplemental Annuity Collective Trust (SACT)

The Supplemental Annuity Collective Trust (SACT) is a voluntary investment program that provides retirement income separate from, and in addition to, your basic pension plan. Your contributions are invested conservatively in the stock market. The program consists of two separate plans, the SACT-Regular Plan and the SACT-Tax-Sheltered Plan (IRC Section 403(b)). SACT Brochures and enrollment packets are available by calling (609) 633-2031 or by writing to: Division of Pensions and Benefits, Supplemental Annuity Collective Trust, PO Box 295, Trenton, New Jersey 08625-0295.

RETIREMENT

Types of Retirement

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

Service Retirement is the type of retirement for which most members qualify. The retirement age is 60 or older and no minimum amount of pension membership credit is required, although, your monthly retirement allowance must be at least \$25. The benefit is based on the total years of service credit established in the retirement system divided by 55 and multiplied by the Final Average Salary. The formula to calculate the maximum annual pension is:

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

FOR EXAMPLE: A member with 22 years of service would receive 40% (or 22/55ths) of Final Average Salary. You receive a slightly higher percentage for each additional month of service. 'Years of Service' means the years and months of pension service credited to your account. It does not necessarily mean years and months of employment.

'Salary' means the base salary on which your pension contributions are based. It does not include extra pay for overtime or money given in anticipation of your retirement. It does not include additional salary for performing temporary or extracurricular duties beyond the regular school day or regular school year.

'Final Average Salary' means your average salary for the three years immediately preceding your retirement (either 36 months for employees with 12-month contracts or 30 months for employees with 10-month contracts). If your three last years are not your highest years of salary, your allowance may be calculated using your three highest fiscal (July 1 to June 30) years of salary. If this is the case, please indicate on your retirement application that you had higher fiscal years of salary.

Early Retirement is available to those members who have 25 years or more of pension membership credit before reaching age 60. The benefit is calculated using the Service Retirement formula; however, 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. Here are other reduction factor examples:

Age	Reduction Factor
54	.97
53	.94
52	.91
51	.88
50	.85
49	.82
48	.79
47	.76

VETERAN RETIREMENT is available to qualified veterans. If they have not already done so, qualified veterans should submit a copy of their *Form DD-214* (discharge papers) showing both their induction and discharge dates to the Department of Military and Veteran's Affairs.

If you do not have your discharge papers (DD 214), you should write to:

**National Personnel Records Center
 Military Personnel Records
 9700 Page Avenue
 St. Louis, MO 63132-5100**

You can also request your discharge papers on-line at: www.archives.gov/research room/vetrecs

To obtain discharge papers for the Merchant Marines, you should write to:

**Maritime Administration (MAR-250)
 400 7th Street S.W., Room 7302
 Washington, D.C. 20590**

To qualify for veteran retirement benefits you must be in active employment until the effective date of retirement. These benefits cannot be deferred.

Veterans who continue in employment covered by the TPAF until they are at least **age 60 with 20 or more years of service credit** or at least **age 55 with 25 or more years of service credit** are entitled to an annual benefit equal to **54.5%** of the salary on which pension contributions were made in any consecutive 12-month period which would provide the largest possible benefit to the member.

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

$$\frac{\text{Years of Service}}{55} \times \begin{matrix} \text{Highest 12} \\ \text{consecutive} \\ \text{months of} \\ \text{salary} \end{matrix} = \begin{matrix} \text{Maximum Annual} \\ \text{Allowance} \end{matrix}$$

Veteran members may retire on Service Retirement if it would result in a higher benefit.

Definition of a Veteran

A veteran is a person who holds an honorable discharge from the military service of the United States and who served during the time periods shown in the chart below:

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

Veteran status for World War II, the Korean Conflict or the Vietnam Conflict can be granted as long as the member has at least 90 days of continuous active military service, of which at least one day falls within the dates listed above. Any honorably discharged member of the American Merchant Marine who served at least 90 days between September 16, 1940 and December 31, 1946 also qualifies for veteran status. For veteran status for the Lebanon Conflict, the Grenada Conflict, the Panama Peacekeeping Mission or Operation Desert Shield/Storm, the member must have served at least 14 days in the country or region or on ships patrolling in the territorial waters of these nations, as long as any one of the 14 days falls within the dates specified. If the member's service started prior to the beginning of the period of hostilities, then the member must have served all 14 days within the dates specified.

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

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

- State Militia;

- Student training corps during World War II;
- Army of the Allies but not as a citizen of the United States at the time of such service;
- Military service during peacetime;
- Military service for training purposes. Also, courses of education and training under the Army Specialized Training Program or the Navy College;
- Training Program where the courses were a continuation of the individual's civilian courses and were pursued to completion;
- As a cadet or midshipman at one of the service academies; or
- Any military service performed pursuant to the provisions of Section 511(d) of Title 10, United States Code, pursuant to enlistment in the Army National Guard or as a reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps or Coast Guard Reserve.

Deferred Retirement is available to those members who have at least ten years of service credit and are not yet 60 years of age when they terminate employment. The retirement would be effective on the first of the month after attaining age 60. You will receive a retirement allowance based on the Service Retirement formula. You may apply for a Deferred Retirement when you terminate covered employment or at any time prior to age 60. You must file an Application for Retirement Allowance for the retirement to take effect. If a member is removed from employment for cause, the member will be ineligible for deferred retirement.

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 last named beneficiary 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 instead. Once you cancel your Deferred Retirement and withdraw your contributions, all the rights and privileges of membership end.

Those with less than 25 years of service credit in TPAF electing Deferred Retirement cannot normally transfer their active health care coverage to the retired group of the State Health Benefits Program; however, those electing Deferred Retirement may be eligible for continuation of State Health Benefits coverage under the federal legislation called 'COBRA' for up to 18 months if they were covered by the State Health Benefits Program just prior to terminating employment. If the actual retirement commences while the 18 months of COBRA coverage is in effect, the retiree may then transfer from the COBRA coverage and continue the State Health Benefits coverage into retirement. If the 18 months of COBRA coverage ends before the retirement commences, the member will not be entitled to maintain health coverage through the New Jersey State Health Benefits Program. Participants should contact their employer to see if they qualify for COBRA continuation.

Members with 25 or more years of service credit who elect Deferred Retirement are eligible for State Health Benefits coverage when they retire at age 60 or later.

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

For purchases authorized after September 8, 1998, the purchase will be canceled after two years with no payments and the time prorated. Members returning from an approved leave of absence, however, can have the original purchase resumed.

Ordinary Disability Retirement

To qualify you must:

- have an active pension account (i.e., must have had at least one pension contribution credited to your account within the past two years. If more than two years have elapsed since the last contribution and you terminated employment because you were totally and permanently disabled and continue to be disabled for the same reason(s), special rules apply; contact the Division of Pensions and Benefits for more information.);
- have 10 or more years of New Jersey service credit (out-of-state, military and U.S. Government civilian service purchases cannot be used to attain the 10 years); and
- be considered totally and permanently disabled for the performance of your job.

If you qualify for Ordinary Disability, the annual benefit is equal to 43.6 percent of your final average salary (FAS) or 1.64 percent of your FAS for each year of service credit, whichever is higher.

The Application for Disability Retirement contains forms for your physician(s) to complete and a release for hospital records related to your disability. The application requires corroboration of your condition by at least two medical sources. It is the applicant's responsibility to arrange for all physicians' statements and to have hospital records sent to the Division. Applicants may be examined by physicians selected by the retirement system. All medical information is confidential and only for use by the TPAF Board of Trustees in evaluating your application. The more complete the application, the faster it can be evaluated, although the process may take six months or more. Your employer has the right to apply for an involuntary disability retirement on your behalf.

Approval for workers' compensation or Social Security Disability benefits has no bearing on your application for disability retirement from TPAF.

Accidental Disability Retirement

To qualify you must:

- be an active member of TPAF on or before the date of the "traumatic event" (see following definition) and at the time you file your application for retirement;
- be considered totally and permanently disabled as a result of a traumatic event that happened during and as a direct result of carrying out your regular or assigned job duties;
- file the application within five years of the date of the traumatic event; and
- be examined by physicians selected by the retirement system. All medical information is confidential and used only by the Board of Trustees in reviewing your claim.

'TRAUMATIC EVENT' has been defined by the courts as one in which the worker is involuntarily exposed to a violent level of force or impact which is not brought into motion by the worker. To be eligible for Accidental Disability benefits, the applicant must demonstrate that:

- the injury was not induced by normal work effort;
- the worker met involuntarily with the object that was the source of the harm; and
- source of the injury was a violent or uncontrollable power. If you qualify for Accidental Disability, your annual retirement allowance will be 72.7 percent of your salary at the time of the traumatic event.

If you apply for Accidental Disability and are found by the Board of Trustees to be totally and permanently

disabled but not as a result of a traumatic event, if you have the necessary service credit, you may be retired on Ordinary Disability. The Application for Disability Retirement is not available from your employer. You should contact the Division of Pensions and Benefits to obtain this application. The application contains forms for your physician(s) to complete, a form for your employer to complete with questions regarding the traumatic event, and a release for hospital records related to your disability. It is the responsibility of the applicant to secure all physicians' statements and to arrange for hospital records to be sent to the Division. The more complete your application, the faster it can be processed, although it may take six months or more. Your employer has the right to apply for an involuntary disability retirement on your behalf. Approval for workers' compensation or Social Security Disability benefits has no bearing on your application for disability retirement from TPAF. If you receive periodic workers' compensation benefits after an Accidental Disability Retirement, the pension portion of your retirement allowance will be reduced dollar-for-dollar in the amount of the periodic benefits.

Multiple members cannot withdraw or begin to collect retirement benefits until they have retired from or terminated every position covered by TPAF.

OPTIONAL SETTLEMENTS AT RETIREMENT

Most members of PERS are covered by group life insurance while employed. At retirement, those members will have reduced life insurance, at no cost, payable to a beneficiary upon their death, provided they had at least ten years service in the retirement system.

You may want to leave a pension benefit to a beneficiary in addition to the life insurance. When you complete your Application for Retirement Allowance you will have to choose either the Maximum Option or one of eight other options that provide a pension benefit to your beneficiary. Selecting an option, other than the Maximum Option, will reduce your monthly retirement allowance. The amount of this reduction depends on which option you select. Once your retirement becomes due and payable you cannot change the option selected. "Due and payable" is defined as 30 days after your retirement date, or 30 days after your retirement has been approved by the PERS Board of Trustees, whichever is the later date.

- **Maximum Option** provides the highest retirement allowance payable. Upon your death all pension benefits will cease. If your death should occur before you have received distribution of all your accumulated pension contributions, with interest, the remainder of the undistributed contributions will be paid to your beneficiary. If you are legally married and choose the Maximum Option, State law requires that your spouse be notified of your choice.
- **Options A, B, C, and D** pay a monthly allowance to a beneficiary upon your death for the lifetime of that beneficiary. Under any of these options, once your retirement has become due and payable, you cannot change the beneficiary, regardless of the circumstances. If your designated beneficiary dies before you, your monthly allowance is increased to the Maximum Option. Your age and the age of the beneficiary determine your monthly allowance - the younger the beneficiary, the more your pension is reduced to account for the longer life expectancy of the beneficiary who will receive an allowance for the remainder of his/her lifetime after your death.
- **Option A** provides that, upon your death, a single beneficiary will receive the same monthly allowance that you were receiving at the time of your death for the duration of the beneficiary's lifetime. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed as part of a monthly allowance, the remainder will be paid to your contingent beneficiary or estate.
- **Option B** provides that, upon your death, a single beneficiary will receive 75 percent of the monthly allowance that you were receiving at the time of your death for the duration of the beneficiary's lifetime. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed as part of a monthly allowance, the remainder will be paid to your contingent beneficiary or estate.
- **Option C** provides that, upon your death, a single beneficiary will receive one-half of the monthly allowance that you were receiving at the time of your death for the duration of his/her lifetime. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been

distributed as part of a monthly allowance, the remainder will be paid to your estate.

- **Option D** provides that, upon your death, a single beneficiary will receive 25 percent of the monthly allowance that you were receiving at the time of your death for the duration of his/her lifetime. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed as part of a monthly allowance, the remainder will be paid to your estate.
- **Option 1** sets aside an initial reserve based on your life expectancy. This reserve is then reduced each month by the amount of your initial monthly retirement allowance. Upon your death, the balance of the reserve, if any, is paid to your beneficiary(ies). If you exhaust your initial reserve, you will continue to receive your monthly retirement allowance during the course of your lifetime; however, there are no further pension benefits payable to your beneficiary(ies).

You may designate more than one beneficiary for Option 1. A beneficiary may be a person, a charity, an institution or your estate. You may change a beneficiary under this option at any time. Upon your death, your beneficiary may elect to receive the proceeds in a lump sum or as an annuity payable over a certain number of years.

Options 2, 3 and 4 pay a monthly allowance to a beneficiary upon your death for the lifetime of that beneficiary. Under any of these options, once your retirement has become due and payable, you cannot change the beneficiary, regardless of the circumstances. If your designated beneficiary dies before you, your monthly allowance will not be increased nor can you name a new beneficiary. Your age and the age of the beneficiary determine your monthly allowance - the younger the beneficiary, the more your pension is reduced to account for the longer life expectancy of the beneficiary who will receive an allowance for the remainder of his/her lifetime after your death.

- **Option 2** provides that, upon your death, a single beneficiary will receive the same monthly allowance that you were receiving at the time of your death for the duration of the beneficiary's lifetime. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed as part of a monthly allowance, the remainder will be paid to your contingent beneficiary or estate.
- **Option 3** provides that, upon your death, a single beneficiary will receive one-half of the monthly allowance that you were receiving at the time of your death for the duration of his/her lifetime. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed as part of a monthly allowance, the remainder will be paid to your estate.
- **Option 4** provides that, upon your death, your beneficiary(ies) will receive a specified fixed monthly allowance for the duration of the beneficiary's lifetime. The beneficiary's allowance cannot be more than your allowance. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed as part of a monthly allowance, the remainder will be paid to your estate.

Should a member apply for retirement under one of the optional settlements and die prior to the retirement becoming effective, the beneficiary under the optional settlement may choose between the active death benefit or the retired optional settlement that the member selected.

If you are within two years of retirement, you may wish to submit a Request for Retirement Estimate to the Division of Pensions and Benefits. This will provide you with the retirement allowances available and your group life insurance benefits. Your employer has this form or you may obtain one from the Division of Pensions and Benefits.

Age Limits on Nonspouse Beneficiaries

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

Note: Federal law does not recognize a New Jersey civil union partner or domestic partner in the same manner as a spouse. Therefore, a civil union or domestic partner listed as a beneficiary will be considered in the same way as a nonspouse beneficiary.

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

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

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

For Option B (75% to beneficiary):

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

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

APPLYING FOR RETIREMENT

It is your responsibility to file an Application for Retirement Allowance with the Division of Pensions and Benefits. All retirements are effective on the first of a month. You are permitted to submit your Application for Retirement Allowance as late as the last business day prior to your retirement date, but four months advance filing is recommended. Under no circumstances can a retirement become effective prior to the date the application is received by the Division of Pensions and Benefits. Processing time varies and cannot begin until the Division has received all the necessary information and forms from both you and your employer.

Multiple members cannot begin to collect retirement benefits until they have terminated all employment covered by TPAF.

If you have not furnished proof of your age to the Division, you must do so when applying for retirement (see acceptable proofs of age). Proof of age for your beneficiary is required if you choose Options A, B, C, D, 2, 3 or 4. If your beneficiary's birth evidence is in her maiden name, please identify with your membership number or Social Security number. Please attach copies of any proofs of age to your retirement application.

State Health Benefits Coverage At Retirement

If you fall into one of the categories listed below, you will be offered coverage under the New Jersey State Health Benefits Program (SHBP) into retirement:

- Members already covered by the SHBP through their employer. (If you are not eligible for State or

employer-paid coverage, you may continue the coverage by paying the appropriate premium);

- Members who retire with 25 or more years of service credit in TPAF or those on a disability retirement even if your employer did not participate in the SHBP. This includes members who elected deferred retirement with 25 or more years of service credit. Eligibility is limited to full-time employees as defined by N.J.A.C. 17:9-4. The state has agreed to pay for the health benefit cost if you fall into this category; and
- Members eligible for Medicare who retired from a board of education, vocational/technical school or special services commission not participating in SHBP and do not meet the above criteria, provided you are participating in the health benefits plan of your employer and are enrolled in Medicare Parts A and B. You are required to pay the full cost of the coverage.

Unsatisfied Balances

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

- pay the loan in full prior to receiving any benefits; or
- continue your monthly loan repayment schedule into retirement.

You must choose how you intend to repay your loan balance on your Application for Retirement Allowance.

Arrears -When you apply for a purchase of service credit, the Division assumes that the obligation will be paid before your retirement and your account is credited with the full amount of service you are purchasing. If this obligation has not been paid when you retire, your Quotation of Retirement Benefits will state the balance of your arrears (purchase) as of your retirement date. At that time, you must pay the balance of your arrears. If you cannot pay off the balance, the service credit which has not been paid for will be subtracted from your total years and months of service. This will affect the amount of your retirement allowance and may affect your eligibility for retirement.

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

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

No retirement will be paid until all obligations have been satisfied.

Retirement Checks

Your first retirement check cannot be mailed earlier than 30 days following your retirement date, or the date of the TPAF Board of Trustees' approval, whichever is later. This is when your retirement becomes 'due and payable.' If approval of your retirement is delayed, your first check will be retroactive to the date of your retirement. Regular retirement checks are dated on the first of the month to cover the allowance for the previous month. For example, your check for the month of September will be dated October 1st.

Change of Address

Although retirement checks can be forwarded to a new address, it is important that you inform the Division of Pensions and Benefits of the new address. When informing the Division of Pensions and Benefits of an address change, be sure to include your new address and your retirement number or social security number. You can change your address with the Division of Pensions and Benefits by calling (609) 292-6683.

Direct Deposit

Direct deposit of retirement checks is strongly recommended. Shortly after your retirement date you will receive an Authorization of Direct Deposit form from the Division of Pensions and Benefits. If you wish to have your retirement checks directly deposited, send the completed form to the Division of Pensions and Benefits (you will still receive a monthly statement of allowance and deductions). Please allow approximately 90 days for the direct deposit to begin. Direct Deposit will prevent your retirement checks from being lost or stolen.

Federal and State Income Tax After Retirement

The degree to which your pension is taxed depends on whether or not the payments you receive have been previously taxed. Employee contributions made prior to 1987 were made with after tax dollars, that is, they were federally taxed prior to being made. Contributions made for the purchase of service are also made with after tax all employer contributions, and system earnings are before tax dollars and are thus taxable.

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

If you contributed to the pension plan before 1987, or if you have made a purchase of service credit since 1987, your pension is immediately taxable based on the "expected return rule". Part of your retirement allowance comes from your own pension contributions. Since your contributions before 1987 and any purchase of service credit were already taxed, the Internal Revenue Service (IRS) will allow you to recover those contributions tax-free. This recovery is spread out over your expected lifetime or the combined lifetime of you and your beneficiary according to IRS life expectancy tables. This means that a small portion of each monthly retirement check is tax-free. The remainder of the monthly benefit is subject to federal income tax. As of January 1, 1984, the exclusion from federal tax liability for disability pensions was repealed. Your disability pension is taxable to the same extent as other pensions. Any questions should be referred to the IRS at 1-800-TAX-1040.

Each retirement check is accompanied by a Statement of Allowances and Deductions. These check stubs should be retained with your other income tax records. The Division of Pensions and Benefits also issues an annual 1099R reflecting the taxable retirement allowance paid during the preceding tax year.

The Division of Pensions and Benefits will provide for the withholding of federal and New Jersey State income tax from your retirement check. The Division is obligated to withhold federal income tax unless you file a W-4P instructing us not to do so. New Jersey income tax withholding is voluntary, and none will be withheld unless you instruct us to do so. Please keep in mind that if you live outside New Jersey your retirement benefits are not subject to New Jersey State income tax, but may be subject to state or local taxes in the jurisdiction in which you reside. There is no provision for withholding any local or out-of-state taxes. You may obtain a federal W-4P or New Jersey State withholding form by calling or writing the Division of Pensions and Benefits. Any questions about your federal income tax should be directed to the Internal Revenue Service at 1-800-TAX-1040. For questions about New Jersey income tax, call the New Jersey Division of Taxation at 1-800-323-4400. The Division of Pensions and Benefits cannot provide tax advice.

YOUR RETIREMENT CHECKLIST

6 to 8 months before retirement

Complete a Request for Retirement Estimate (available from your employer or by calling the Division of Pensions and Benefits at (609) 777-1931 and selecting item #207).

Consider attending a seminar conducted by the Division of Pensions and Benefits at various sites in New Jersey. Contact the New Jersey Human Resource Development Institute at (609) 987-6300 for seminar dates, locations and registration information.

4 to 6 months before retirement

Complete an Application for Retirement Allowance and submit it to the Division of Pensions and Benefits (available from the Division or your employer).

- Attach a copy of proof of your age, if not on file with the Division, and proof of your beneficiary's age, if choosing Options 2, 3 or 4.
- Send a copy of your military discharge (DD Form 214), showing both their induction and discharge dates, to the Department of Military and Veteran's Affairs.

If you do not have your discharge papers (DD 214), you should write to:

**National Personnel Records Center
Military Personnel Records
9700 Page Avenue
St. Louis, MO 63132-5100**

You can also request your discharge papers on-line at: www.archives.gov/research/room/vetrecs

To obtain discharge papers for the Merchant Marines, you should write to:

**Maritime Administration (MAR-250)
400 7th Street S.W., Room 7302
Washington, D.C. 20590**

- If you have applied to purchase service credit and have not received authorization to purchase, please write "Purchase Pending" on the top of your Application for Retirement Allowance.

Ask your employer to complete and submit a Certification of Service and Final Salary to the Division of Pensions and Benefits.

If you are a participant of Supplemental Annuity Collective Trust (SACT), contact the SACT office at the Division of Pensions and Benefits in writing or call (609) 633-2031 for the appropriate SACT forms.

If you are a participant of the N.J. State Employees Deferred Compensation Plan, contact the Deferred Compensation office at the Division of Pensions and Benefits in writing or call (609) 292-3605 for the appropriate Deferred Compensation forms.

You will receive notification from the Division of Pensions and Benefits that they have received your retirement application. Also included are answers to some frequently asked retirement questions.

Approximately 1 to 2 months before retirement

You will receive a Quotation of Retirement Benefits from the Division of Pensions and Benefits. This will include:

- A quotation of the retirement allowances available with the option you selected at the upper right-hand corner.
- If you have an outstanding loan balance, the payoff amount will be quoted along with options on payments. You must inform the Division of Pension and Benefits in writing, how you wish to repay your loan balance. You may:
 - pay the loan in full prior to receiving any benefits;
 - have the net value of your retirement checks withheld until the loan balance plus interest has been recovered; or
 - continue your monthly loan repayment schedule into retirement if you retire because of a medical illness or disability (applies to Service, Veteran and Early retirements, as well).

- If you have an outstanding purchase amount and/or shortage in your account, the payoff amount will be quoted.

Approximately 1 month before retirement

Your retirement will be presented to the retirement system's Board of Trustees for approval. You will receive notification from the Division of Pensions and Benefits that the Board of Trustees has approved your retirement. You will have 30 days from board approval date or your effective retirement date (whichever is later) to change your option selection or retirement date by refile. If you change your option or retirement date at this time, your selection must again be approved by the board. This may delay your first check.

If you are a participant of SACT, you will receive distribution forms from that plan.

If you are a participant of the N.J. State Employees Deferred Compensation Plan, you will receive distribution forms from that plan.

If you are eligible for retired coverage under the State Health Benefits Program (SHBP), you will receive an offering letter from the Health Benefit Bureau.

If you wish to continue other group health coverage through COBRA, such as prescription drug, dental insurance or vision care, see your employer.

Check with your employer regarding any unused sick and vacation days.

If you are 65 or older, contact your local Social Security Administration office regarding full Medicare enrollment. You must be covered by both Part A and Part B of Medicare (if eligible) to be eligible to participate in SHBP in retirement.

Shortly after your retirement date

You will receive W-4P forms for withholding federal and New Jersey income tax.

You should complete the W-4P and return it to the Division of Pensions and Benefits. The Division of Pensions and Benefits will then withhold based on what you indicated on the W-4P.

You will receive a Direct Deposit form. It is recommended that your pension check be directly deposited in your bank account. Complete this form and return it to the Division of Pensions and Benefits. You should allow 90 days for direct deposit of your retirement check to begin.

Your first retirement check will be issued no earlier than one month after your retirement date or Board of Trustees approval date, whichever is later.

If you are a participant of SACT, you will receive a separate check from that plan approximately 60 days after your retirement date.

The amount of your life insurance coverage through the pension plan will decrease or terminate (if you have less than 10 years of service) at retirement. See [conversion of life insurance](#).

REDUCTION OR SUSPENSION OF YOUR BENEFITS

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

- as a disability retiree, you fail to appear for a periodic medical re-examination when requested to do so.

- as an accidental disability retiree, you receive periodic workers' compensation benefits after your retirement date.
- as a disability retiree, you fail to file your annual statement of earnings.
- as a disability retiree, your employment income exceeds the amount allowable by law.
- you return to a position covered by TPAF (see Employment after Retirement).
- you fail to file a Certificate of Eligibility when you are asked to do so. This certificate is necessary, for example, if you or one of your beneficiaries has a change in marital status.
- you become mentally or physically incompetent. Your benefits will not be reinstated until a legal representative has been appointed.
- you have an outstanding arrears balance or a shortage at the time of your retirement.
- you receive salary from your employer after your date of retirement.
- you waive your right to a portion of any pension to which you are entitled.
- you go to jail (although the Board of Trustees may permit the continuance of your benefits to your family).
- an accounting error is made and TPAF must be repaid. Your pension is normally exempt from any liens against it. Exceptions are: tax liens imposed by the federal Internal Revenue Service and court orders for child support, alimony or equitable distribution. The order is effective only when you withdraw your funds or when you begin to receive monthly retirement payments. If the order is received while you are in active employment, it is deferred until pension funds are disbursed (retirement, death or withdrawal).

Your benefits can be reduced or suspended if you are convicted of a crime involving your employment. The Board of Trustees is empowered to order the forfeiture of all or part of the pension or retirement benefit of a member for misconduct during public service which renders the service, in whole or in part, dishonorable.

The Division of Law is required to inform the Division of Pensions and Benefits whenever a public official or employee is prosecuted or convicted. State and local public employers are also required to notify the Division of Pensions and Benefits whenever a public official or employee is removed from public office or employment for cause. The Board of Trustees considers each case on its own merits.

COST-OF-LIVING ADJUSTMENT

The Pension Adjustment Program provides cost-of-living adjustments (COLA) to retirees and their survivors who receive a monthly retirement allowance from TPAF. The first adjustment is available to all retirees and eligible survivors on the 25th month after the member's retirement. Subsequent cost-of-living adjustments are computed annually and are reflected in the February 1st check (which is payment for the month of January). The COLA is based on your initial retirement allowance. If the member chose Option 1, the COLA would be calculated on the Maximum Retirement Allowance.

The Division of Pensions and Benefits uses the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average, All Items, 1982-84=100. Your rate of increase is equal to 60 percent of the percentage of change between the average CPI for the calendar year in which you retired and the average CPI for the 12 month period ending August 31, immediately preceding the year when the adjustment is payable.

EXAMPLE: To calculate the COLA due February 1, 1999. A member retired in 1983 with a monthly retirement allowance of \$1,278.35. The average CPI for the twelve months ending December 31, 1983 was 99.8. The

average CPI for the twelve months ending August 31, 1998 was 158.9.

To calculate the change in the CPI, subtract 99.8 from 158.9. ($158.9 - 99.8 = 59.1$)

To calculate the percentage change in the CPI between the retirement year, 1983, and the 12 months ending August 31, 1998, divide 59.1 by 99.8 which equals 59.218%.

The cost-of-living adjustment rate for February 1, 1999 equals 60% of 59.218% or 35.53%. ($60\% \times 59.218\% = 35.53\%$)

Therefore the cost-of-living adjustment for this member is 35.53% of \$1,278.35 or a \$454.20 increase ($35.53\% \times \$1,278.35 = \454.20) from the initial allowance.

The total monthly benefit equals \$1,732.55. ($\$454.20 + \$1,278.35$).

Your current cost-of-living adjustment, if applicable, can be found under the Current Earnings section of your retirement benefit check stub.

SOCIAL SECURITY

Your pension is not reduced by any social security benefits you may receive.

EMPLOYMENT AFTER RETIREMENT

Working for private industry, the federal government or a government agency in another state will not affect your retirement benefits. Most TPAF retirees will not resume public employment in this state after retirement. For those who do, there are several areas of concern.

Returning to a Position Under TPAF-if you accept regular employment in a position covered by TPAF (see below), you must reenroll in TPAF as a condition of employment. Your retirement allowance will be canceled for the duration of your employment. Your date of enrollment is determined under the general enrollment procedures of TPAF (see Enrollment). You become an active member again. If you die while in the second membership, no benefits from the previous membership or retirement are payable. This includes optional settlements and death benefits. You are treated as an active member in all respects. (If over age 60, you must prove insurability for life insurance coverage.)

If you return to employment under TPAF and are eligible for membership and you fail to enroll, you would be required to reimburse the retirement system in the amount of all retirement benefits you received since the date you should have enrolled. In addition, you would be required to pay pension contributions in the form of back deductions back to your enrollment date. There is no limitation on the amount of reimbursement that may be recovered by the retirement fund in these situations.

When you retire again, the first allowance is restored and a second allowance is calculated based solely on your second membership. Each retirement account stands alone and cannot be combined to provide a larger benefit or another benefit. These two calculations are paid in the same retirement check.

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

- You are appointed to a teaching or staff position requiring certification and are employed on a regular basis (contract employee) in a position covered by Social Security; and
- your annual salary is \$500 or more.

You will **not be** required to enroll in TPAF if you are employed:

- as a temporary or substitute employee;
- as a permanent or long-term substitute; or
- as an interim replacement for a regular employee on approved leave of absence (provided the regular employee is not on terminal leave).

Generally, non-certified personnel are not eligible for TPAF membership. Neither are temporary, seasonal or substitute teachers employed on a temporary basis. All other teachers whose positions require certification are required to participate in TPAF even if paid on an hourly or per diem basis.

Returning to Work in a Position Covered By Any Other State of New Jersey Administered Retirement Fund - In this case, your retirement allowance continues and you can receive salary but cannot become a member of that fund.

Disability Retirees Restored to Active Service - Before returning to active service, disability retirees must first prove to the satisfaction of the Board of Trustees that they are no longer disabled. When you return to active service, you enroll again in the retirement fund. Deductions for pension are resumed and you are treated as an active member in all respects. Upon subsequent retirement, you will receive a benefit based on total service. >

Disability Retirees - Your annual retirement allowance may be adjusted if you have earnings from employment after retirement. The law stipulates that the pension of such a retiree shall be reduced to an amount which, when added to the amount being earned by the retiree, does not exceed the amount of salary currently attributable to the former position of the retiree.

State Health Benefits Coverage - Returning to public employment in New Jersey may affect your eligibility to continue coverage under the State Health Benefit Program (SHBP). If your retirement allowance is canceled because you return to work in a position covered by TPAF, your retired SHBP coverage is also canceled until you retire again. Returning to a position not covered by TPAF will not affect your eligibility for retired group coverage under the SHBP. Maintaining SHBP retired group coverage also does not affect your eligibility for active group health coverage associated with your new employment.

Social Security Benefits - There is an earnings test for most people receiving social security benefits. Check with the Social Security Administration for information on their earnings limit before accepting employment after retirement.

ACTIVE AND RETIRED DEATH BENEFITS

Contributory and Non-Contributory Group Life Insurance

As an active employee you may be covered by two types of group life insurance:

- **NON-CONTRIBUTORY GROUP LIFE INSURANCE** is provided by your employer through the pension fund. There is no cost to you for this coverage.
- **CONTRIBUTORY GROUP LIFE INSURANCE** is the insurance for which you pay. The law requires that you must be covered by contributory insurance for the first 12 months of your membership. After the 12 months have elapsed, you may cancel this coverage if you wish by filing a Notice of Withdrawal from Contributory Group Life Insurance available through your employer. Once you have canceled this coverage, you cannot be reinstated nor are your contributions refunded. The cost of the insurance is 0.4 percent (.004) of your base salary.

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

Both noncontributory and contributory group life insurance are covered by policies issued by the insurance carrier (Prudential Insurance Company of America, Inc.). You will receive an individual certificate from the Division of Pensions and Benefits which you should keep with your important papers. When an active member dies, not as a result of regular or assigned duties (see Accidental Death), the named beneficiaries are entitled to the payment of group life insurance benefits and the return of the member's accumulated pension contributions with interest.

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

- your membership status at the time of death;
- your salary*; and
- your age.

Coverage for Active Members		
Age at Death	Member with Non-contributory Insurance Only	Member with Both Non-contributory and Contributory Insurance
At any age	150% of salary*	350% of salary*
*The definition of salary in the charts is the total base salary upon which your pension contributions were based during the year preceding your retirement or death during active service. If death occurs within the first year of enrollment, the amount of non-contributory insurance is based on base salary earned until the date of death. The amount of contributory insurance, however, is based on the full annual base salary.		

Coverage for Retired Members				
Type of Retirement	Member with Non-contributory Insurance Only		Member with Both Contributory and Non-contributory Insurance	
	Death Before Age 60	Death After Age 60	Death Before Age 60	Death After Age 60
Disability	150%	18.75%	175%	43.75%
Early & Veteran	18.75%	18.75%	43.75%	43.75%
Deferred	None	18.75%	None	43.75%
Service	N/A	18.75%	N/A	43.75%
NOTE: The percentages above apply to the total base salary upon which pension contributions were based during the year preceding retirement or highest contractual year.				

If a retiree was enrolled as a member of TPAF on or after July 1, 1971, life insurance is payable only if the member retired with 10 or more years of pension membership credit or retired on a disability retirement.

Payment of Group Life Insurance

Active members can specify on the Designation of Beneficiary form how their group life insurance benefits will be paid (group life insurance for retirees must be paid in a lump sum). If an active member chooses Lump Sum, the beneficiary can pick another payment option. The options are:

- Lump Sum.
- Annuity Certain is equal installments over a selected period of years. If your beneficiary dies before all the payments have been made, the remaining monies will be paid in a lump sum to your beneficiary's designated beneficiary.

- Life Annuity is paid monthly to your beneficiary for life. Payment continues even if your beneficiary outlives the actual amount of the benefits. For this reason, the value of the annuity is based on the amount payable and the life expectancy (age) of the beneficiary. Payments cease at the beneficiary's death.
- Other Possibilities include options provided by the insurance company (Prudential) to its ordinary life policyholders. These death benefits cannot be paid until all the necessary information and forms have been received from your beneficiary by the Division of Pensions and Benefits.

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

Group Life Insurance and Leave of Absence

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

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

*You may continue contributory life insurance coverage during these periods by forwarding to the Division of Pensions and Benefits a check made payable to "TPAF CGIPF". The amount due to cover the premium is 0.0040 of your monthly base salary in effect at the time you went on leave. This premium payment must be sent in advance on a monthly basis while on leave for as long as you wish to keep your contributory life insurance in effect.

Choosing a Beneficiary

Your enrollment application contains a section in which you name beneficiaries for both your group life insurance benefits and return of your contributions. You may name any person, organization, your estate or trust as beneficiary. This designation may be changed by you at any time during your membership by filing the Designation of Beneficiary form. At retirement, you are asked to nominate beneficiaries on your Application for Retirement Allowance. The *Designation of Beneficiary* form can be obtained from the Internet or by calling the Division of Pensions and Benefits at (609) 777-1931 (24-hours). Beneficiary designations cannot be accepted nor confirmed over the telephone. This is for your protection.

Taxation of Group Life Insurance Benefits

The Internal Revenue Service classifies all employer-provided life insurance coverage over \$50,000 as a fringe benefit subject to taxation. The amount of life insurance coverage is not taxable but rather the premium required to pay for the life insurance coverage is taxable. Chapter 62, PL 1994 permits members of the State retirement systems to waive their Non-Contributory Group Life Insurance over \$50,000 to avoid a possible federal and State tax liability on that benefit. Any member who waives the Non-Contributory Group Life Insurance, must waive the total amount of non-contributory coverage in excess of \$50,000. Waivers of partial amounts are not permitted. Even if a member waives the Non-Contributory Group Life Insurance over \$50,000, there still may be a federal tax liability for those TPAF members who have Contributory Group Life Insurance coverage.

<p>IRS Premium Rates* as of 711199 (Annual cost per \$1,000 of coverage)</p>
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Age	Premium
Under age 25	\$ 0.60
25-29	0.72
30-34	0.96
35-39	1.08
40-44	1.20
45-49	1.80
50-54	2.76
55-59	5.16
60-64	7.92
65-69	15.24
70 and above	24.72

*These rates are subject to change by the IRS.

To determine the taxable amount, if any, add the amount of your non-

contributory life insurance coverage to your contributory life insurance coverage then subtract \$50,000 from that total. The premium rates are then applied to the remaining life insurance amount. The premium costs for the life insurance are determined by the IRS based on your age (see chart) and your salary. The premiums you pay for your contributory life insurance coverage (.004 x salary) are subtracted from the premium costs determined by the IRS. The remaining premium cost (if any) is the taxable amount and is added to your W-2 for that year.

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

The member's annual base salary is \$60,000. The member's life insurance coverage totals \$210,000 (350% x \$60,000).

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

According to the IRS, the premium cost for an individual 52 years of age is \$2.76 per \$1,000 of coverage. The premium cost in this example is \$441.60 (160 x \$2.76).

Under TPAF, members pay premiums equal to 0.4% of base salary for contributory life insurance coverage. In this example this member pays \$240.00 (0.4% x \$60,000) per year for life insurance coverage. The net taxable value of the premiums is \$201.60 (\$441.60 - \$240.00) and would be added to this member's W-2. This does not mean that the member would pay an additional \$201.60 in taxes but that \$201.60 would be added to the member's taxable wages for the year.

Waiving Non-Contributory Group Life Insurance over \$50,000

In the example above, the member's non-contributory life insurance coverage equals \$90,000 (150% x \$60,000). In this example the member could waive \$40,000 of non-contributory life insurance coverage because members are only permitted to waive non-contributory life insurance coverage over \$50,000. The net taxable value would be reduced to \$91.20 (\$201.60 - \$110.40).

You may waive your Non-Contributory Group Life Insurance coverage in excess of \$50,000 by completing a waiver form and submitting it to the Division of Pensions and Benefits. The form is available from the Division of Pensions and Benefits or your employer. The waiver form must be received by the Division of Pensions and Benefits before December 31 to be effective January 1 of the next calendar year. Once a waiver form has

become effective it shall be irrevocable for the entire calendar year. The waiver will remain in effect until you submit a reinstatement form to the Division of Pensions and Benefits. The reinstatement will become effective the following January 1.

If a waiver is in effect at the time of termination of employment or retirement, you will not be permitted to convert any amount of your Non-Contributory Group Life Insurance coverage over \$50,000.

Before completing the waiver, you should completely understand the ramifications of waiving your non-contributory life insurance. For more information, refer to Internal Revenue Service Publication 525.

Conversion of Group Life Insurance

If you are covered by group life insurance while employed, the coverage ends 31 days after you cease employment (whether for reasons of retirement, termination of employment or leave of absence without pay). You are eligible to continue your life insurance coverage after you leave employment by purchasing a converted life insurance policy, without medical examination, at your own expense.

You have the option to convert your group life insurance coverage to an individual policy with the Prudential Insurance Company when you retire, terminate employment or lose coverage while on a leave of absence without pay. This conversion to a Prudential policy is guaranteed (you cannot be denied coverage for health or other reasons), but it may be more expensive or less suitable to your needs than other policies for which you may qualify from Prudential or other insurance carriers. You should contact other insurance carriers and compare the available policies and costs before you decide to purchase the conversion policy. (Other carriers may accept or reject your application based on their evaluation of the status of your health and other factors.) If you wish to purchase a conversion policy, you have a one-time option to do so prior to the 31st day after you cease employment. After that date, you will not be eligible to purchase a conversion policy. You may convert your life insurance to any individual, non-group policy customarily offered by Prudential. You cannot convert to term insurance or a policy containing disability benefits. Under a guaranteed conversion, the premiums you would pay would be at Prudential's "standard" rates for the type of policy to which you would be converting rather than the "preferred" rates that would be used for applicants in good health. The individual policy will be effective at the end of the 31 day conversion grace period. If you do not convert to an individual policy by the end of the 31 day period, your coverage will end. To initiate the purchase of a conversion policy, you must contact the Prudential Insurance Company (not the Division of Pensions and Benefits) through any of its local offices or, if you live in New Jersey, by calling 1-800-262-1112. You will need to provide your group insurance policy number, as follows:

G-14800 - This is the policy number for the basic (non-contributory) group life insurance for TPAF.

G-14300 - This is the policy number for the contributory group life insurance for TPAF.

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

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

Conversion: On Retirement

If you retire with 10 or more years of service credit in the retirement system, the amount of your group life insurance will be substantially reduced when you retire. The amount of your coverage will be listed in the Quotation of Benefits that you will receive prior to your retirement. It will be identified as the "Lump Sum Death Benefit." You will automatically be covered by this insurance and do not need to do anything to qualify.

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

The reduction (or elimination) of your life insurance coverage will be effective 31 days after your termination of

employment or date of retirement whichever is earlier. If you wish to supplement this coverage with either a conversion policy from Prudential or another type of policy from Prudential or another insurance carrier, it would be best to begin exploring your options at least four months prior to your retirement.

EXAMPLE: If you had group life insurance of \$168,000 through the retirement system while employed, and that life insurance coverage drops to \$21,000 at retirement, you can purchase up to \$147,000 in life insurance coverage under an individual non-group policy by contacting a Prudential agent within 31 days following your termination of employment.

Conversion: Deferred Retirement

Your life insurance coverage will end 31 days after termination of employment. Any life insurance coverage to which you are entitled upon retirement will not take effect until you reach age 60 and begin to receive retirement benefits.

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

Conversion: Disability Retirement

Your life insurance coverage will continue while your disability retirement benefits are being processed provided that the retirement application was filed within 30 days of ending your employment. You do not need to make contributions to the contributory plan during this time.

If you are approved for a disability retirement you will automatically be covered by life insurance until you reach age 60. The amount of this coverage will be 175 percent of your highest contractual year's salary if you are covered by contributory life insurance or 150 percent of that salary if you are covered by the non-contributory life insurance only. You will have the option to purchase a conversion policy up until the day you reach age 60. The maximum amount of coverage that you may purchase will be the difference between the amount of non-contributory coverage you had while employed and the amount of coverage that you will automatically receive when you reach the normal retirement age. If you also had contributory life insurance while employed, you may convert the amount of your contributory insurance until 31 days after termination of employment. Whether or not you exercise this option, you will still have the option to convert the non-contributory portion of your life insurance up until the day that you reach normal retirement age.

Conversion: Termination of Employment or Leave of Absence

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

EXAMPLE: If you had group life insurance of \$96,000 through the retirement system while employed, that life insurance coverage is eliminated at termination of employment. You can purchase up to \$96,000 in life insurance coverage under an individual non-group policy by contacting a Prudential agent before 31 days following your termination of employment.

Conversion: Return to Public Employment

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

Group Life Insurance Coverage While Receiving Workers' Compensation Without Pay

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

ACCIDENTAL DEATH BENEFIT

If you die as a result of an accident during the performance of your regular or assigned duties, and your death is not a result of willful negligence, your beneficiaries may be entitled to Accidental Death benefits. Your widow or widower is paid an annual pension of 50 percent of your final salary. This benefit is a lifetime benefit to your widow or widower or until remarriage. If there is no eligible widow or widower or if the widow or widower remarries, a pension is paid to your eligible children in these amounts:

- 50 percent of final salary to three or more eligible children;
- 35 percent of final salary to two eligible children; or
- 20 percent of final salary to one eligible child.

If there is no eligible widow, widower or children, a pension will be paid to your eligible parents in these amounts:

- 25 percent of final salary to one eligible parent; or
- 40 percent of final salary to two eligible parents.

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

Your eligible beneficiaries for Accidental Death benefits are:

- WIDOW OR WIDOWER which means the person to whom you were married before the date of death and to whom you continued to be married until the date of your death and who was receiving at least one-half support from you in the 12 months immediately preceding your death or the accident which led to your death. If your widow(er) remarries after your death, benefits cease.
- CHILD(REN) means your unmarried child(ren):
 - o under the age of 18; or
 - o of any age who at the time of your death is disabled because of mental or physical incapacity and is incapable of substantial gainful employment because of the impairment. This incapacity must last or be expected to last for a continuous period of not less than 12 months as affirmed by the Medical Board.
- PARENT(S) means your parent(s) who was(were) receiving at least one-half support from you in the 12 months immediately preceding your death or the accident which led to your death. If your parent remarries after your death, benefits cease.

WITHDRAWAL FROM THE PENSION FUND

When Membership Ends

Your active membership in TPAF ends if:

- you retire or die;
- you end your employment and withdraw your contributions from the system; or
- you have not been contributing to the System for two years and have less than 10 years of service credit. Two years is the limit for inactive membership before an account is expired. (See exceptions below.)

If your membership has been inactive for two years and you have not filed for and received a withdrawal of contributions, the Division of Pensions and Benefits will send an expiration notice to your last known address (and a copy to your last employer in case they have a more current address) to remind you that your money is still in the system. You should then file a withdrawal application since contributions left in the system for over two years do not accrue interest.

Should you return to covered employment before the 2-year period ends, you have the option of intrafund or interfund transfer if you otherwise qualify. Should you return to covered employment after your account has expired or you have withdrawn your account, you will be treated as a new member in all respects. Service credit from a former membership may be purchased by members returning to the system after withdrawal of a former account.

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

- you are granted an official leave of absence beyond the two-year period;
- you are laid off; or
- your position is abolished.

If your leave of absence extends beyond two years or you lose your job through no fault of your own (laid off or position abolished), your inactive membership can be extended up to 10 years. You must submit documentation from your employer showing that your leave of absence was officially extended or that your employment was not terminated voluntarily or for cause for this extension to be granted. This only gives you the right to start contributing to the retirement system should you again obtain public employment, it gives you no other right to benefits. So, if you have less than 10 years membership credit in TPAF and you reach age 60 more than two years from the date of your last pension contribution, you would not qualify for a retirement benefit. If you return to employment covered by TPAF during that extended period of inactive membership, your account would be activated and you would then be eligible for a retirement allowance, provided you meet the qualifications for retirement.

EXAMPLE: If you were age 55 with 5 years of membership credit at the time of layoff, your account could remain inactive until you reach age 65; however, you would not qualify for service retirement benefits at age 60 unless you returned to active employment before filing for retirement.

Withdrawing Contributions

If you terminate covered employment before retirement, you may withdraw all your contributions with 2 percent interest less any outstanding loan or other obligations. No interest is paid if you were a member for less than three years. You may withdraw only the money you have contributed and no partial withdrawal is permitted. Upon your withdrawal, all rights and privileges of membership end. Since the employer/employee relationship must be severed, no withdrawal will be paid if there are unresolved legal matters concerning your termination of employment. To withdraw, you must file a properly completed and notarized Application for Withdrawal which is available from your employer or the Division of Pensions and Benefits. Multiple members cannot withdraw their contributions until they have terminated employment in every position covered by TPAF.

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

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

You may call the Division of Pensions and Benefits Automated Information System at (609) 777-1777 for general information concerning withdrawals or information pertaining to your particular withdrawal claim. If you are age 60 or have 10 years of service credit when you file for withdrawal, you must waive any rights you have to a retirement or death benefit. This written waiver is part of a letter which states the amount of retirement and death benefits to which you are entitled if you do not withdraw.

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

WORKERS' COMPENSATION WITHOUT PAY

As long as you are receiving temporary workers' compensation benefits, you retain the same status as an active member. Unless the employer/employee relationship is severed, you cannot withdraw from TPAF while receiving temporary workers' compensation, have a claim pending, or are involved in litigation regarding workers' compensation. Your employer is obligated by statute to pay your pension contribution based on the salary you were receiving immediately before the start of your receiving temporary workers' compensation benefits. Your employer is not obligated, however, to make voluntary contributions, such as, loans or arrears payments.

The voluntary resignation or retirement of an employee receiving temporary workers' compensation frees the employer from pension contributions on behalf of the member.

When an employee's award of permanent disability benefits under workers' compensation begins, the employer is responsible to continue paying the employee's pension contribution if:

- The employee separates from employment because of the employee's inability to perform the functions of his/her former position or through forced resignation; and
- The employee does not have 10 years of service credit needed to apply for an ordinary disability retirement. The employer's obligation to pay the employee's pension contribution ends when the employee reaches the years of service credit in the pension plan needed to apply for an ordinary disability retirement.

APPEALS

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

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

If you disagree with the determination of the Board of Trustees, you may request a formal hearing before an Administrative Law judge within the Office of Administrative Law, by sending a written statement to the Board of Trustees within 45 days from the date of the Board's decision. State in detail the reasons for your disagreement with the Board's determination and submit any and all supporting documentation if you have not already done so. If no such written statement is received within the 45-day period, the determination shall be considered final. If your request for a formal administrative hearing is approved by the Board of Trustees, the Board will submit the matter to the Office of Administrative Law for hearing. Upon completion of this hearing, the Administrative Law judge will submit to the Board an initial decision which the Board may adopt, reject or modify. If the Board rejects or modifies the initial decision, it shall issue a detailed findings of fact and conclusions of law which will become the Board's final administrative determination and may then be appealed to the Superior Court, Appellate Division.

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

Benefits and provisions of the system are subject to changes by the legislature, courts and other officials. While this booklet outlines the benefit and contribution schedules of the Teachers' Pension and Annuity Fund, it is not a final statement. Complete terms governing any employee benefit program are set forth in the New Jersey Statutes Annotated. Regulations, new or amended, are published in the New Jersey Register by the State Office of Administrative Law supplementing the New Jersey Administrative Code.

PLAN INFORMATION

Name of Plan

The Teachers' Pension and Annuity Fund of New Jersey.

Administration

The Teachers' Pension and Annuity Fund is a defined benefit plan administered by the New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295, (609) 292-7524.

Provisions of Law

The Teachers' Pension and Annuity Fund was established by New Jersey Statutes and can be found in the New Jersey Statutes Annotated, Title 18A, Chapter 66. Changes in the law can only be made by an act of the State Legislature. Rules governing the operation and administration of the system may be found in Title 17, Chapters 1 and 3 of the New Jersey Administrative Code.

Funding

Contributions are made by the State on behalf of contributing employees. All contributions not required for current operations are invested by the State Division of Investment.

Plan Year

For record keeping purposes the plan year is July 1 through June 30.

Service of Legal Process

Legal process may be served on the Director of the Division of Pensions and Benefits, the administrator of the system.

Employment Rights Not Implied

Membership in the Teachers' Pension and Annuity Fund does not give you the right to be retained in the employ of a participating employer, nor does it give you a right of claim to any benefit you have not accrued under terms of the system.

CONTACTING THE DIVISION OF PENSIONS AND BENEFITS

Telephone Numbers:

- For computerized information about your individual account 24 hours a day, seven days a week, call our Interactive Voice Response Unit at (609) 777-1777. All you need is your Social Security number and a touch tone phone to hear personalized information about loans, withdrawals, retirement benefits, purchase costs, and your account with the retirement system.
- To talk with a counselor about pensions or the State Health Benefits Program, call (609) 292-7524 weekdays between 8:00 AM and 4:30 PM (except State holidays). If you are hearing impaired, call the TDD at (609) 292-7718.
- To speak with a plan representative about the Supplemental Annuity Collective Trust (SACT), call (609) 633-2031, or for Deferred Compensation, call (609) 292-3605 weekdays between 9 AM and 4 PM (except State holidays). They can answer your questions about the Plans and provide enrollment and distribution forms.
- If you have a fax machine and want a form or publication faxed to you call (609) 777-1931, 24 hours a day, seven days a week from a touch tone phone. Select the option to go directly to Fax on Demand. When prompted, enter the four digit fax selection number along with the area code and number of your fax machine. You will be able to choose up to three fax selections per call.
- If you are a retired member who needs to change your mailing address, call (609) 292-6683 weekdays between 9 AM and 4 PM (except State holidays). You can change your address over the telephone.

Mailing Address

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

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

Counseling Services

The Division of Pensions and Benefits offers individual counseling services to members of the retirement systems and other benefit programs. No appointments are taken. Counselors are available Monday through Friday from 7:40 AM to 4:00 PM . The office is located at:

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

Internet and E-Mail:

Internet: www.state.nj.us/treasury/pensions

E-mail: pensions.nj@treas.state.nj.us

DIRECTIONS TO THE DIVISION OF PENSIONS AND BENEFITS

The Division of Pensions and Benefits is located at 50 West State Street (One State Street Square) which is a half-block east of the State House. The directions below will take you to the parking garage next door to the Division of Pensions and Benefits. You must pay to park here. (If garage is full, use the pay lot off Barnes St.)

When leaving the garage, you will be facing the side of One State Street Square. Turn left and walk to the front entrance of the building. "Check-in" at the front desk on the ground floor and you will be directed to the Office of Client Services.

From Northeast New Jersey via the NJ Turnpike

Take the NJ Turnpike South to Exit 7A. Follow 1-195 West until it ends, then follow the signs for Route 29. After passing through a tunnel and two traffic lights, take the Calhoun Street exit. At the first traffic light turn right onto West State Street. After passing through a traffic light, turn left at the next corner onto Chancery Lane. One-half block up is a multilevel parking garage on the left. You must pay to park here. See "[When leaving the garage](#)" above to get to the office.

From Northeast New Jersey via Route 1

Take Route 1 South toward Trenton. Just north of Trenton Route 1 splits into 2 roads. Stay to the left (do not use Route 1 Alternate). From Route 1 take the Perry Street exit. At the end of the exit ramp, turn left onto Perry Street. At the fourth traffic light after turning onto Perry Street turn left onto Warren Street. At the second traffic light, turn right onto West State Street. At the next corner turn right onto Chancery Lane. One-half block up is a multilevel parking garage on the left. You must pay to park here. See "[When leaving the garage](#)" above to get to the office.

From Northwest New Jersey

Take Route 31 South to 1-95 South to Exit 1 (1-95 and Route 29). Follow Route 29 South for 5 miles to the Calhoun Street exit. At the first traffic light, turn right on to West State Street. After passing through a traffic light, turn left at the next corner onto Chancery Lane. One-half block up is a multilevel parking garage on the left. You must pay to park here. See "[When leaving the garage](#)" above to get to the office.

From Southern New Jersey

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

If using 1-295 North, take Exit 60 to Route 29 and follow the directions for using Route 206 North (below) beginning with Route 29.

If using Route 206 North, about 4 miles before reaching center-city Trenton take the 1-295 exit but, once on the interstate highway, follow the signs for Route 29, not 1-295. After passing through a tunnel and two traffic lights, take the Calhoun Street exit. At the first traffic light turn right onto West State Street. After passing through a traffic light, turn left at the next corner onto Chancery Lane. One-half block up is a multilevel parking garage on the left. You must pay to park here. See "[When leaving the garage](#)" to get to the office.

From the New Jersey Shore

Take 1-195 West, then follow the directions from Northeast Jersey via the NJ Turnpike.