



Application for Retirement Allowance
Public Employees' Retirement System
Teachers' Pension and Annuity Fund

State of New Jersey
Division of Pensions and Benefits

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If, after reading this booklet, you have questions about the qualifications for retirement or your pension options call the Division of Pensions and Benefits at (609) 292-7524.

Retirement Qualifications and Benefits

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

INTRODUCTION

This package includes all the forms you need to apply for a Service, Early, Deferred, or Veteran Retirement from the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF). It includes:

- **Retirement Qualifications and Benefits** — An explanation of the types of retirement and related information.
- **Conversion of Group Life Insurance.**
- **Fact Sheet #5, Pension Options.**
- **Fact Sheet #6, Your Retirement Checklist.**
- **Application for Retirement Allowance** — Instructions and form (to be completed by employee).
- **Certification of Service and Final Salary — Retirement** (to be completed by employer).

You cannot use these forms to apply for a disability retirement. See *Disability Retirement* on page 3 for additional information.

PLANNING FOR RETIREMENT

Before applying for retirement it is important to give yourself enough time to review your benefits and options. Fact Sheet #6, *Your Retirement Checklist*, is included in this booklet and provides a listing of important steps in the retirement process and when they would normally occur.

Among your first actions should be to obtain an Estimate of Retirement Benefits. Complete a *Request for Retirement Estimate* form, available from your employer or the Division of Pensions and Benefits to obtain a written estimate. Estimates may be requested for retirement dates up to two years from the present. If you provide us with the name and birth date of your beneficiary, we will estimate not only the Maximum Option but also alternate payment options (see Fact Sheet #5, *Pension Options*, in this booklet). **Members should remember that this is an estimate only.** After you apply for retire-

ment, the Division will send you a final *Quotation of Retirement Benefits* before your retirement becomes effective showing the final figures.

You may also call the Division of Pensions and Benefits' Automated Information System at (609) 777-1777 to hear an *Estimate of Your Retirement Benefits* over the phone. Please have your Social Security number available when you call.

SUBMITTING YOUR APPLICATION

It is your responsibility to file an *Application for Retirement Allowance*. The application must be filed with the Division of Pensions and Benefits in advance, and four to six months advance filing is recommended. All retirements are effective the first of a month. The earliest effective date is the first of the month following the Division's receipt of your application. Retirement processing times vary and cannot begin until we have received all the necessary information and forms from **both** you and your employer. It is your responsibility to file your *Application for Retirement Allowance* with the Division of Pensions and Benefits. **Do not give the application to your employer to mail.** You should, however, give your employer the *Certification of Service and Final Salary* and have them complete it as soon as possible.

If you have not furnished proof of your age to the Division, you should attach a photocopy of your birth certificate to your *Application for Retirement Allowance*. Proof of age for your beneficiary is also required if you select Options A, B, C, D, 2, 3, or 4.

YOUR FIRST RETIREMENT CHECK

The earliest your first retirement check can be paid is the first of the month following your retirement date or 30 days after approval by the PERS or TPAF Board of Trustees, whichever is later. This is when your retirement becomes "due and payable."

For example: a member who files his or her application well in advance for a June 1 retirement date, and is approved by the Board of Trustees on May 19

for June 1, would receive the first retirement check on July 1 (this check pays the amount due for the month of June). **If approval of your retirement is delayed, your first check will be retroactive to your original requested date of retirement.**

If, after applying for retirement, you wish to change your retirement payment option selection, you must forward written notice to the Division's Retirement Bureau within 30 days of the approval of your retirement by the Board of Trustees or the effective retirement date, whichever is later. After that time, you cannot change your payment option selection.

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 membership credit is required. The service retirement formula is:

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

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

'Years of Service' means the amount of years and months of pension membership service you have credited to your account.

'Final Average Salary' means the average salary for the three years immediately preceding your retirement. If your last three years are not your highest years of salary, your allowance will be calculated using your three highest fiscal years (July-June) of salary (see item #11 on the *Application for Retirement Allowance*).

Salary is defined in detail by the New Jersey Administrative Code (N.J.A.C.) in N.J.A.C. 17:2-4.1 (PERS) and N.J.A.C. 17:3-4.1 (TPAF). In summary, the Administrative Code states that base salary means the annual compensation of a member in accordance with contracts, ordinances, resolutions, or other established salary policies of the member's employer for all employees in the same position or

all employees covered by the same bargaining agreement, which is paid in regular, periodic installments. It does not include overtime, pay for extra work beyond the normal work day, bonuses, **lump-sum** payments for reasons such as longevity, holiday pay, vacation, sick leave, payments the employee has the option of including in base salary, and other similar salary payments in anticipation of retirement.

EARLY RETIREMENT

is available to those members who have 25 years or more of membership credit before reaching age 60. You will receive a retirement allowance based on the Service Retirement formula, however, if you retire before age 55, your allowance is permanently reduced 1/4 of 1 percent for each month that you are under age 55 (3% per year). For example, if you retire at age 54, you will receive 97 percent of your full retirement allowance. If you retire between the ages of 55 and 60, there is no reduction.

DEFERRED RETIREMENT

is available to those members who have at least ten years of membership credit and are not yet 60 years of age when they terminate employment. You may apply for a Deferred Retirement any time after you terminate covered employment. At age 60, you will receive a retirement allowance based on the Service Retirement formula.

If you are removed from employment for cause on charges of misconduct or delinquency, you are ineligible for Deferred Retirement benefits.

If you die between the time you terminate employment and before your retirement becomes effective, the beneficiary(ies) named on your retirement application will receive the return of your pension contributions with interest. (If you do not file a retirement application with the Division of Pensions and Benefits, your last named beneficiary will receive payment.) There are no other death benefits under these circumstances.

Your group life insurance coverage is not in effect between the time you terminate employment and your Deferred Retirement becomes effective. See page 5 for more information about conversion of group life insurance.

At any time before your Deferred Retirement becomes effective, you may change your mind and

apply for withdrawal of your contributions instead. Once you cancel your Deferred Retirement and withdraw your contributions, all the rights to retirement and privileges of membership end.

For those covered by the State Health Benefits Program (SHBP), you will not be able to continue that coverage under the SHBP retiree group if you apply for Deferred Retirement (for exceptions, see note below). However, you are entitled to continue coverage in the SHBP employee group for up to 18 months after termination of employment in accordance with federal COBRA legislation. If your retirement allowance becomes due and payable (see Your First Retirement Check on page 1) during the 18 months of extended coverage under COBRA, you would qualify for coverage in the SHBP retiree group. You will have to contact the Division of Pensions and Benefits, however, and request a SHBP offering letter.

NOTE: TPAF and PERS members who are employees of a school board or a county college who apply for Deferred Retirement after 25 or more years of service will be eligible for SHBP coverage at the time of retirement.

VETERAN RETIREMENT

is available to qualified military veterans. Qualified veterans should submit a copy of their *Form DD 214* or discharge papers showing both their induction and discharge dates to the NJ Department of Military and Veterans Affairs. Qualified veterans must be in active employment until the effective date of retirement. These benefits cannot be deferred.

For more information about the qualifications for veteran status see Fact Sheet #17, *Veteran Status*. To obtain a copy, call the Division's Benefit Information Library at (609) 777-1931 from a touch-tone phone. After the introduction, enter selection number 204. You will hear a recorded message about veteran status. At the end of the message you can request the fact sheet to be sent to you by mail or fax. Please have your name, address or fax number, Social Security number, and the name of your retirement system available when you call.

Veterans who have at least 25 years of membership credit who continue in employment covered by the pension plan until at least age 55, or veterans who have at least 20 years of membership credit who continue in employment covered by the pension plan until at least age 60, are entitled to an annual retirement benefit equal to 54.5 percent of the salary upon which pension contributions were based during the last year of employment or highest 12 consecutive months of base salary.

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

$$\frac{\text{Years of Service}}{55} \times \text{Last Year's Salary} = \text{Annual Retirement Allowance}$$

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

DISABILITY RETIREMENT

Do not use this application to file for a disability retirement. To obtain an *Application for Disability Retirement*, see your employer's Human Resources or Personnel Administrator or contact the Division of Pensions and Benefits at (609) 292-7524.

OTHER IMPORTANT INFORMATION ABOUT YOUR RETIREMENT

NOTIFYING YOUR EMPLOYER

It is important that you notify your employer of your retirement plans since, before we can process your retirement, your employer must submit the *Certification of Service and Final Salary*. Your retirement cannot be processed until the Division of Pensions and Benefits receives this certification.

OUTSTANDING LOANS AT RETIREMENT

If you have a loan balance at retirement, you must decide whether you wish to carry monthly payments into retirement until the balance, **with interest**, is satisfied or pay off the entire loan in a lump sum prior to receiving retirement benefits.

CONTINUING YOUR HEALTH BENEFITS INTO RETIREMENT

See your employer about your options for continuing your health coverage into retirement. If you qualify for enrollment into the retired group of the New Jersey State Health Benefits Program (SHBP) and are retiring under a Service, Early, or Veteran Retirement, you will receive an offering letter from the SHBP two to three months before your retirement date (members with a Deferred Retirement should see the Deferred Retirement section on page 2-3). The transition of health coverage from active employment to retired status should be continuous. A break in coverage may jeopardize your eligibility to be offered continued SHBP coverage into retirement. If you are employed on a part-time basis at the time of retirement, you are not eligible for retired SHBP benefits.

If you would like additional information about the SHBP you can request Fact Sheet #11, *Enrolling in the State Health Benefits Program When You Retire*. To obtain a copy, call the Division's Benefit

Information Library at (609) 777-1931 from a touch-tone phone. After the introduction, enter selection number 208. You will hear a recorded message about eligibility in the SHBP. At the end of the message you can request the fact sheet to be sent to you by mail or fax. Please have your name, address or fax number, Social Security number, and the name of your retirement system available when you call.

SACT AND THE STATE EMPLOYEES DEFERRED COMPENSATION PLAN

If you are a participant of the Supplemental Annuity Collective Trust (SACT) or the New Jersey State Employees Deferred Compensation Plan, your benefits from these plans are separate. You may call the Supplemental Annuity Collective Trust, (609) 633-2031 or the Deferred Compensation Plan, (609) 292-3605, to obtain further information regarding payment options with each of these plans.

RETURNING TO PUBLIC EMPLOYMENT

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

Before you consider returning to employment, contact the Division of Pensions and Benefits and request Fact Sheet #21 (PERS) or #28 (TPAF), *Employment After Retirement*, on the procedures to follow when returning to public employment in New Jersey or call the Benefit Information Library at (609) 777-1931 and request selection number 101 for PERS or number 107 for TPAF.

CONVERSION OF GROUP LIFE INSURANCE

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

Most members of the PERS and TPAF are covered by group life insurance benefits while employed.

If you have group life insurance in force at retirement, the amount of your coverage will be substantially reduced. The Quotation of Retirement Benefits that you will receive prior to your retirement will indicate the amount of group life insurance in effect during your retirement under "Lump Sum Death Benefit." There is no cost to you for this coverage and you do not need to do anything to qualify. If you retire with less than 10 years of service credit in the retirement system, all coverage will terminate 31 days following termination of employment.

You can convert the difference of your active and retired group life insurance to a standard policy by calling the Prudential Insurance Company at 1-800-262-1112 (in New Jersey only) or by contacting a local Prudential Insurance office. You cannot be denied coverage for health reasons when applying for conversion.

Example: If you had group life insurance of \$96,000 through the retirement system while employed, and that life insurance coverage drops to \$6,000 at retirement, you can purchase up to \$90,000 in life insurance coverage under an individual non-group policy by contacting a Prudential agent within 31 days following termination of employment.

You may convert to any individual, non-group policy customarily offered by Prudential except term insurance or a policy containing disability benefits. The premiums will be higher than you would pay if you were applying for a private policy at the age you make the request and could qualify medically for a lesser premium. The individual policy will be effective at the end of a 31-day period from when Prudential receives the application.

For those willing to provide medical information

(which may require a physical examination), you may be able to realize premium savings through a "preferred" rate if you are able to qualify medically for life insurance. You may want to contact a number of life insurance carriers to compare costs. In addition, life insurance carriers may provide other insurance products that better suit your needs. If, after investigation, you find that you cannot qualify medically for life insurance coverage, you may want to take advantage of the conversion right described above.

Please remember: you only have up until 31 days after termination of employment to take advantage of the conversion privilege. However, in order to ensure the conversion will be in effect, you must file the conversion application along with your first month premium before the 31 days.

DEFERRED RETIREMENT

If you are retiring under a Deferred Retirement, group life insurance coverage terminates 31 days after termination of employment and a retired group life insurance amount becomes effective as of your retirement date at age 60. The amount of life insurance that may be converted is the difference between the amount of coverage you had as an active member and the amount you will have at the time you start to receive retirement benefits.

GROUP POLICY NUMBERS

The following group policy numbers are necessary when you call Prudential at 1-800-262-1112 or visit your nearest Prudential Office to convert your insurance:

Non-Contributory Group Life Insurance:

PERS, TPAF - G-14800

Contributory Group Life Insurance:

PERS - GC-13900

TPAF - GC-14300

The Division of Pensions and Benefits cannot provide premium rates for converted life insurance policies. Please contact a Prudential agent for such information.

Pension Options

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

ESTIMATING YOUR RETIREMENT ALLOWANCE

If you are within two years of retirement, you may obtain a written *Estimate of Retirement Benefits* by completing a *Request for Retirement Estimate* form, available from your employer or the Division of Pensions and Benefits. You may also call the Division of Pensions and Benefits' Automated Information System at (609) 777-1777 to hear an Estimate of Your Retirement Benefits over the phone. Please have your Social Security number available when you call. If you provide us with the birth date of your beneficiary, we will estimate not only the Maximum Option but also the alternate payment options described in this fact sheet. (Telephone estimates are not available for members of the PERS Prosecutors Part, Workers' Compensation Judges, or PERS Law Enforcement Officers-LEOs.)

If you are more than two years from retirement, you may calculate your own retirement allowance using the online retirement estimate calculator on the Division of Pensions and Benefits Web site: www.state.nj.us/treasury/pensions, or using the worksheet and instructions in Fact Sheet #54, *Calculating Your Own Retirement Allowance*.

RETIREMENT PAYMENT OPTIONS

To plan for a successful retirement, you must be familiar with the retirement payment options available to you from the retirement system. You should also consider your financial needs in retirement, your health, your beneficiary's health, the need to provide survivor benefits, life insurance benefits available, income from other sources, such as Social Security benefits, investments, etc.

When you apply for retirement, you will have to choose one of nine ways to receive your retirement benefits. Please be sure you understand the different payment options available to you because, **once you have made your choice and your retirement becomes due and payable (usually when your first check is issued), you cannot change your payment option.**

Maximum Option - No Pension Benefit to a Beneficiary

The Maximum Option, also called a single-life annuity, is the highest amount payable and provides a retirement benefit to you for the remainder of your life. If you are not concerned with providing either a lump-sum benefit or providing a monthly income to another person after your death, the Maximum Option may be the most appropriate payment choice for you. The benefit payments continue for your lifetime only. Upon your death, benefits end and your survivors do not receive a pension allowance.

If you die before receiving, through your retirement allowance, the amount that you paid into the retirement system while working (including interest on those contributions), the balance of your contributions will be paid to your beneficiary.

OPTIONS OTHER THAN THE MAXIMUM

Under Options A, B, C, or D you receive a smaller monthly benefit than that provided under the Maximum Option so that, upon your death, your beneficiary will receive a lifetime monthly pension. The percentage of reduction is based on the life expectancies of both you and your beneficiary at the time of your retirement and the option selected. Therefore, the younger your beneficiary, the greater the percentage of reduction in your benefit. Your beneficiary under these options must be an individual. You may not designate a charity, institution, your estate, etc. as a beneficiary.

Option A - 100% to Beneficiary - Increase to Maximum Option

Option A, also called a 100% joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 100% of your monthly retirement allowance for life. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option. You can name only one beneficiary for this benefit and your beneficiary can never be changed after retirement.

Option B - 75% to Beneficiary - Increase to Maximum Option

Option B, also called a 75% joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 75% of your monthly retirement allowance for life. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option. You can name only one beneficiary for this benefit and your beneficiary can never be changed after retirement.

Option C - 50% to Beneficiary - Increase to Maximum Option

Option C, also called a 50% joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive half of your monthly retirement allowance for life. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option. You can name only one beneficiary for this benefit and your beneficiary can never be changed after retirement.

Option D - 25% to Beneficiary - Increase to Maximum Option

Option D, also called a 25% joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 25% of your monthly retirement allowance for life. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option. You can name only one beneficiary for this benefit and your beneficiary can never be changed after retirement.

Option 1 - Reducing Retirement Reserve to a Beneficiary

Option 1 provides a lifetime monthly payment to you. Your retirement allowance is reduced from what you could collect under the Maximum Option. It is also different from the Maximum Option in that it *may* provide a lump-sum payment to your beneficiary after your death. At the time of your retirement, the amount expected to be paid to you in retirement benefits over your lifetime is calculated. This is called your retirement reserve. If you die before you receive monthly retirement benefits equal to your retirement reserve, your beneficiary is entitled to the balance.

The balance will be paid in a lump sum or the beneficiary may request payment in equal monthly payments over 5, 10, 15, or 20 years or as a life annuity.

You may name more than one beneficiary for this option and you can change your beneficiary at any time. Your beneficiary may be a person, a charity, an institution, or your estate.

For example, if your monthly retirement allowance is \$2,000 and your retirement reserve is \$230,400, your beneficiary would be entitled to the following payment depending on when you died (16 or 120 months after retirement as shown below).

Retirement Reserve	\$ 230,400
Retirement Benefits Paid (death at 16 months)	\$ 32,000
Beneficiary Benefit	\$ 198,400

Retirement Reserve	\$ 230,400
Retirement Benefits Paid (death at 120 months)	\$ 240,000
Beneficiary Benefit	\$ 0

Since the retirement reserve is based on your retirement allowance and your life expectancy, your own reserve may be much different than this example.

Under Options 2, 3, or 4 you receive a smaller monthly benefit than that provided under the Maximum Option so that, upon your death, your beneficiary will receive a lifetime monthly pension. The percentage of reduction is based on the life expectancies of both you and your beneficiary at the time of your retirement and the option selected. Therefore, the younger your beneficiary, the greater the percentage of reduction in your benefit. Your beneficiary under these options must be an individual. You may not designate a charity, institution, your estate, etc. as a beneficiary.

Option 2 - 100% to Beneficiary - Permanent Reduction

Option 2, also called a 100% joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 100% of your monthly retirement allowance for life. You can name only one beneficiary for this benefit and your beneficiary can

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never be changed after retirement. This is similar to Option A except that if your beneficiary dies before you, you will continue to receive the reduced retirement allowance you had been receiving under this option.

Option 3 - 50% to Beneficiary - Permanent Reduction

Option 3, also called a 50% joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive one-half of your monthly retirement allowance for life. You can name only one beneficiary to receive this benefit and the beneficiary can never be changed after retirement. This is similar to Option C except that if your beneficiary dies before you, you will continue to receive the reduced retirement allowance you had been receiving under this option.

Option 4 - Choice of Amount to Beneficiary - Permanent Reduction

If the preceding payment options do not meet your financial needs, you may want to consider this option. Option 4 provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive whatever monthly allowance you decide for life. (This can be no more than your own allowance.) You can name one beneficiary or multiple beneficiaries to receive this benefit and the beneficiary(ies) can never be changed after retirement. If your beneficiary dies

before you, you will continue to receive the reduced retirement allowance you had been receiving under this option.

Age Limits on Non-spouse 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 domestic partner in the same manner as a spouse. Therefore, a domestic partner listed as a beneficiary will be considered in the same way as a non-spouse 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 non-spouse 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 non-spouse beneficiary. Subtract the age 70 difference from the difference in age

Pension Benefit to Beneficiary Upon Death of Retiree

	None	Lump Sum	100% of Retirement Allowance	75% of Retirement Allowance	50% of Retirement Allowance	25% of Retirement Allowance
Maximum	X					
Option A			X			
Option B				X		
Option C					X	
Option D						X
Option 1		X				
Option 2			X			
Option 3					X	
Option 4 [†]				X	X	X

[†]Under Option 4 you can name any dollar amount less than your allowance to be paid to a beneficiary.

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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 non-spouse 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 non-spouse 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 non-spouse 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.

Proof of Age Documentation

If you choose Option 2, 3, 4, A, B, C, or D, proof of age documentation is required for both you and your designated beneficiary. You should submit photocopies of the proof of age documentation at the time you submit your *Application for Retirement Allowance*.

WHAT HAPPENS TO RETIREE ALLOWANCE IF BENEFICIARY DIES BEFORE RETIREE?

Under Options 2, 3, and 4, if your beneficiary dies before you, your retirement allowance remains at the reduced option level. Under Options A, B, C, and D, if your beneficiary dies before you, your retirement increases to the Maximum Option. Options A through D provide a smaller retirement allowance to you and your beneficiary, when compared to similar Options 2, 3, and 4, to pay for the larger retirement allowance you would collect if your beneficiary dies before you.

Retiree Allowance Upon Death of Beneficiary

	Stays at Reduced Option Allowance	Increases to Maximum Allowance
Maximum	N/A	N/A
Option A		X
Option B		X
Option C		X
Option D		X
Option 1	X	
Option 2	X	
Option 3	X	
Option 4	X	

LIFE INSURANCE AFTER RETIREMENT

Most members of the Public Employees' Retirement System (PERS) and Teachers' Pension and Annuity Fund (TPAF) are covered by group life insurance while employed. At retirement, those members will receive a reduced life insurance benefit to be paid to their beneficiary upon their death, provided that they have credit for at least 10 years of service in the pension plan.

You may want to leave a pension option benefit to your beneficiary in addition to the life insurance.

ADDITIONAL INFORMATION

If, after reading this fact sheet, you have questions about your pension options, contact the Division of Pensions and Benefits Office of Client Services at (609) 292-7524, or send e-mail to:

pensions.nj@treas.state.nj.us

The Fact sheets and forms mentioned above are available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at:

www.state.nj.us/treasury/pensions

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www.state.nj.us/treasury/pensions* • E-mail: *pensions.nj@treas.state.nj.us

This fact sheet is a summary and not intended to provide total information.
 Although every attempt at accuracy is made, it cannot be guaranteed.

Your Retirement Checklist

All Funds

When planning for a successful retirement, it is important to give yourself enough time to review your benefits and options. The time frames in this checklist are a guide. Processing time varies and cannot begin until the Division of Pensions and Benefits receives all the necessary information and forms from both you and your employer.

6-8 MONTHS BEFORE RETIREMENT

Complete a Request for Retirement Estimate form available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: www.state.nj.us/treasury/pensions.

Consider attending a pre-retirement seminar conducted by the Division of Pensions and Benefits. For information, check with your benefits administrator or training coordinator, or call the Divisions' Benefits Education Office for seminar dates and registration at (609) 777-2111. The mailing address is Division of Pensions and Benefits, Benefits Education Unit, PO Box 295, Trenton, NJ 08625-0295.

4-6 MONTHS BEFORE RETIREMENT

Submit an Application for Retirement Allowance (available from the Division of Pensions and Benefits or your employer) **to the Division of Pensions and Benefits**. Accuracy and thoroughness are important when completing your *Application for Retirement Allowance*.

- Attach a photocopy of your birth certificate, if one is not on file. For Public Employees' Retirement System (PERS) and Teachers' Pension and Annuity Fund (TPAF) only - if you are choosing options A, B, C, D, 2, 3, or 4, attach proof of your beneficiary's birth date. Your retirement application will not be processed until the Division receives copies of birth date evidence.

- PERS and TPAF only – If applying for a Veteran Retirement, you must qualify as a veteran for pension purposes. If you are not already listed as a veteran on the Division of Pensions and Benefits' records, you must send a photocopy of your military discharge (Form DD 214) to the NJ Department of Military and Veteran Affairs (NJDMAVA), at the following address:

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

Since the NJDMAVA also makes determinations of veteran's preference for Civil Service and property tax appeals, a note should be attached to say that the discharge is being sent for pension purposes. For more information about veteran status and your pension account, see Fact Sheet #17, *Veteran Status*.

- Write "Purchase Pending" on the top of your *Application for Retirement Allowance* if you have applied for a purchase of additional service credit in the past few months.

The amount of your **life insurance** coverage through the pension plan decreases at retirement or terminates if you have less than 10 years of service credit. You may **convert** the dollar difference between the group coverage you had before retirement and the group coverage you will have after retirement to a non-group life insurance policy by applying to a **Prudential Insurance Company agent within 31 days of your termination of employment**. No physical examination is required to prove insurability. The cost of the coverage will be at the standard rate for someone your age. For further information about conversion, you can contact Prudential at 1-800-262-1112. You should contact other

insurance carriers and compare the available policies and costs before you decide to purchase the conversion policy.

- Ask your employer to submit a **Certification of Service and Final Salary** to the Division of Pensions and Benefits.
- Contact the **NJ State Employees Deferred Compensation Plan** office at 1-866-NJSEDCP or the **Supplemental Annuity Collective Trust (SACT)** office at (609) 633-2031 if you participate in those plans.
- You will receive a letter** from the Division of Pensions and Benefits acknowledging receipt of your retirement application. Also included are answers to some frequently asked retirement questions.

APPROXIMATELY 3 MONTHS BEFORE RETIREMENT

- You will receive a letter offering you enrollment in the New Jersey State Health Benefits Program (SHBP) if you are:
 - currently covered by the SHBP.
 - a member of the TPAF with 25 years or more of service credit in the pension fund or retiring on a disability retirement.
 - a PERS or Alternate Benefit Program member retiring from a school board of education or county college with 25 or more years of service credit in the pension fund or retiring on a disability retirement.
 - a Medicare eligible member of the TPAF or the PERS who works for a Board of Education.
 - a police officer or firefighter retiring with 25 years or more of service credit in the pension fund or retiring on a disability retirement whose employer does not provide any payment or compensation toward the cost of health benefits for its retirees.
- If you will not be eligible for post-retirement medical coverage through the SHBP, discuss

with your employer any coverage they may provide you.

- If you are 65 or older, contact the local Social Security Administration office for full Medicare enrollment. You must be covered by both Part A and Part B of Medicare to be eligible to enroll in the SHBP in retirement. You may need to obtain a written statement from your employer certifying that you have been covered under an employer group health plan. The statement should indicate when and why coverage as an active employee will end.

APPROXIMATELY 2 MONTHS BEFORE RETIREMENT

- You will receive a Quotation of Retirement Benefits letter** which shows your monthly retirement allowance with:
 - the option you selected; (PERS and TPAF)
 - a quote of any outstanding loan balance with repayment options; and
 - a quote on any outstanding arrears (purchase) balance and/or shortages.

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

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

Any outstanding arrears or shortages must be paid before your retirement check can be issued. Failure to respond to these issues will delay your retirement benefits.

APPROXIMATELY 1 MONTH BEFORE RETIREMENT

- Your retirement will be presented to the retirement system’s Board of Trustees for approval.** You will receive a board approval letter and will have 30 days from the board approval date or your effective retirement date

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(whichever is later) to change your option selection if you wish. If you change your option after board approval, your new selection must again be approved by the Board of Trustees. This may delay your first check.

- You may choose to cancel your retirement within 30 days of your retirement date or board approval date (whichever is later). This request must be in writing to the Division of Pensions and Benefits. Canceling your retirement does not guarantee reemployment with your employer.
- Discuss the possibility of continuing prescription drug, dental, or vision coverage under the provisions of **COBRA with your employer**.

SHORTLY AFTER YOUR RETIREMENT DATE

- You will receive **forms for withholding** federal and New Jersey State income tax.
- You will receive a **form** to have your retirement check **deposited directly** to your bank account.
- Your **first retirement check** will be dated no earlier than the first of the month following your retirement date or 30 days after approval by the retirement system's board of trustees, whichever is later.

This fact sheet has been produced and distributed by:

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

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

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

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

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND
NEW JERSEY DIVISION OF PENSIONS AND BENEFITS**

APPLICATION FOR RETIREMENT ALLOWANCE

PLEASE READ THESE INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS APPLICATION.

PLEASE DETACH THE APPLICATION FROM THE BOOKLET BEFORE MAILING.

When to File — All retirements are effective on the first of the month. **File this application with the Division of Pensions and Benefits before your retirement date** or you will lose benefits. Four to six months advance filing is recommended. You must terminate employment before your retirement date. Mail your completed application to the New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Disability Retirement — Do not use this form to file for any type of disability retirement. Please contact the Division of Pensions and Benefits for the proper application.

INSTRUCTIONS

Please Print — Black Ink Preferred — or Type.

PART ONE:

ITEM 1: PENSION FUND - Indicate the pension fund of which you are a member, the Public Employees' Retirement System (PERS), or the Teachers' Pension and Annuity Fund (TPAF).

ITEM 2: MEMBERSHIP NUMBER - Enter your pension fund membership number shown on your annual statement. If you are not sure of your number, contact your Personnel or Payroll Office.

ITEM 3: SOCIAL SECURITY NUMBER - Provide your Social Security number.

ITEM 4: NAME - Enter your full name.

ITEMS 5 AND 6: TELEPHONE NUMBERS - Enter your home and work telephone numbers. Include your area code.

ITEM 7: HOME E-MAIL ADDRESS - Enter your home e-mail address, if you have one.

ITEM 8: ADDRESS - Enter your present mailing address. Report any change of address *before you begin* receiving a pension to the Retirement Bureau at the address shown above. Provide your Social Security number and retirement date in the letter. Or, you may change your address over the Internet by using our online Change of Address form *for pending retirees* at: www.state.nj.us/treasury/pensions

ITEM 9: DATE OF RETIREMENT - Enter the date you wish to retire. All retirements are effective on the first of a month. The earliest retirement date available to you is the first of the month following the Division's receipt of your application. For Deferred Retirement, the effective date is the first of the month following your 60th birthday. Your application must be received in this office prior to your retirement date. Your first retirement check will be dated no earlier than the first of the month after your retirement date or 30 days after approval by the PERS or TPAF Board of Trustees, whichever is later.

ITEM 10: DATE OF BIRTH - Enter the month, day, and year of your birth. You should submit a copy of your birth certificate if you have not already done so. (*Do not delay filing the application if this document is not readily available*).

ITEM 11: SALARY INFORMATION - Most retirement allowances are based on the last three years of salary or the three fiscal years (July - June) during which your earnings were the highest. If your last three years were your highest years of salary, check "Yes." If you earned more during previous years than you did during your last three years, check "No" and indicate the dates of the three highest fiscal years.

ITEM 12: PURCHASE INFORMATION - If you have applied to purchase service credit within six months of your filing this retirement application, check "Yes."

ITEM 13 AND 14: SPOUSE'S NAME AND ADDRESS - If you are currently married, provide your spouse's name. Provide your spouse's address if it is different from your address entered on item 8. If you are unmarried, widowed, or divorced, enter N/A.

NOTE: IF NO BOX IS CHECKED IN PARTS TWO OR THREE, YOUR APPLICATION CANNOT BE PROCESSED.

PART TWO:

TYPE OF RETIREMENT DESIRED - Indicate the type of retirement for which you are applying. An explanation of the types of retirement that are available begins on page 2.

PART THREE:

CHOOSE A RETIREMENT PAYMENT OPTION - Mark only one box.

If you choose the **Maximum Option**, you must sign the application in the space indicated to acknowledge your understanding that **no monthly benefit is payable to a spouse or beneficiary.**

Note for Maximum Option: The law requires that the Division notify your spouse if you choose the Maximum Option, which does not provide payments to a beneficiary upon your death. If you are currently married, please enter your spouse's name and mailing address (if different than yours) in item 13. If you are unmarried, widowed, or divorced, enter N/A.

To provide a benefit to a spouse or beneficiary, you may choose one of the following options: A, B, C, D, 1, 2, 3, or 4. See Fact Sheet #5, *Pension Options* (included in this booklet), for an explanation of the available options. Selecting an option other than the Maximum Option will reduce your retirement allowance to provide a benefit to a beneficiary upon your death. The higher your beneficiary's allowance, the more your allowance will be reduced. Your option selection is irrevocable (cannot be changed under any circumstances) once your retirement becomes "due and payable" (see page 1).

If you do not understand your options, call the Division of Pensions and Benefits for assistance

at (609) 292-7524.

RETIREMENT OPTION BENEFICIARY - In the previous item, you have chosen the method of payment to both you and, if applicable, your beneficiary. Name your beneficiary for that option here. Please include the beneficiary's full name, relationship to you (if not related, write "Friend"), date of birth, Social Security number (optional), and mailing address.

Please complete this section even if you have chosen the Maximum Option. The beneficiary named in this section will receive any optional benefit you selected above, any undistributed pension contributions remaining at your death, and will also receive any issued, but uncashed pension checks remaining at your death. If you choose Options A, B, C, D, 2, 3, or 4, please attach a copy of the beneficiary's birth certificate.

Under Maximum Option and Option 1, you may name any person or persons as well as an institution, charity, organization, your estate, etc., as a beneficiary. *If you designate an institution, charity, or organization, in order to insure that this designee is a legal entity, we require the beneficiary's tax identification number.*

You may name multiple beneficiaries to share the benefit if you choose Option 1 or Option 4. To name additional beneficiaries, fill out and sign the sheet provided at the end of this booklet, and check the box on the application.

Under Options A, B, C, D, 2, or 3 you may name only one person as a beneficiary.

The designation of beneficiary becomes effective when your *Application for Retirement Allowance* is received by the Division of Pensions and Benefits.

MEMBER'S SIGNATURE AND DATE - Sign and date this page. Your application cannot be processed without your signature.

PART FOUR:

DESIGNATION OF GROUP LIFE INSURANCE BENEFICIARY - (*Does not apply to members with less than 10 years of membership credit.*) Most members of the retirement systems are covered by group life insurance. PERS members who have group life insurance coverage

are entitled to a death benefit of 3/16 of their salary paid during the 12 months preceding their retirement. TPAF members who have both contributory and noncontributory group life insurance are entitled to a death benefit of 7/16 of their highest contractual year of salary. TPAF members who have noncontributory group life insurance only, are entitled to 3/16 of their highest contractual year of salary.

You may name any person or persons as well as an institution, charity, organization, your estate, etc., as a life insurance beneficiary. *If you designate an institution, charity, or organization, in order to insure that this designee is a legal entity, we require the beneficiary's tax identification number.* You may also name multiple beneficiaries for this benefit. You may change your group life insurance beneficiary at any time.

You should name both a Primary beneficiary(ies) and a Contingent beneficiary(ies) for this benefit. If you find it necessary to use additional sheets to complete this section, write "see attached" in the beneficiary area of the application. The attachments must also be signed and dated.

Primary Beneficiary(ies) - List the full name, relationship to you (if not related, write "Friend"), birth date, Social Security number (optional), and address of the individual(s)/entity(ies) you want to receive your life insurance proceeds. If you name more than one Primary Beneficiary, the "lump sum" insurance proceeds will be divid-

ed equally among those listed. If you do not wish to divide the proceeds equally, please contact the Division of Pensions and Benefits for assistance.

Contingent Beneficiary(ies) - List the full name, relationship to you (if not related, write "Friend"), birth date, Social Security number (optional), and address of the individual(s)/entity(ies) you want to receive your life insurance proceeds should your primary beneficiaries not be living at the time of your death. If you name more than one Contingent Beneficiary, the lump sum insurance proceeds will be divided equally among those listed. If you do not wish to divide the proceeds equally, please contact the Division of Pensions and Benefits for assistance.

The designation of beneficiary becomes effective when your *Application for Retirement Allowance* is received by the Division of Pensions and Benefits.

The amount by which your group life insurance is reduced at retirement **may be converted** at retirement to a non-group policy. Conversion must be done **within 31 days** of the termination of employment. If you need further information about conversion, see page 5.

MEMBER'S SIGNATURE AND DATE - Sign and date this page. Your application cannot be processed without your signature.

**IF YOU NEED HELP IN COMPLETING THIS APPLICATION,
CONTACT THE OFFICE OF CLIENT SERVICES AT**

(609) 292-7524

**OR VISIT OUR OFFICE AT
50 WEST STATE STREET
TRENTON, NEW JERSEY**

PART THREE: CHOOSE A RETIREMENT PAYMENT OPTION AND NAME A BENEFICIARY

Indicate your choice for method of payment. Refer to Fact Sheet #5, *Pension Options* (in this booklet), for an explanation of each option. You will receive a monthly retirement allowance for your lifetime, regardless of which option you choose. **Choosing an option other than the Maximum will reduce your retirement allowance to provide a benefit to a beneficiary upon your death.** The higher your beneficiary's allowance, the more your allowance will be reduced. You cannot change your payment option once your retirement becomes "due and payable" (see *Your First Retirement Check* on page 1). **Mark only one box.**

MAXIMUM OPTION — NO PENSION BENEFIT TO BENEFICIARY — Largest allowance paid to you with no pension benefit paid to a beneficiary upon your death. _____
(You must sign here)

Under **Options A, B, C, or D**, you can name only one beneficiary and you cannot change your beneficiary after retirement. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option.

OPTION A - 100% TO BENEFICIARY - INCREASE TO MAXIMUM OPTION — Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 100% of your monthly allowance.

OPTION B - 75% TO BENEFICIARY - INCREASE TO MAXIMUM OPTION — Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 75% of your monthly allowance.

OPTION C - 50% TO BENEFICIARY - INCREASE TO MAXIMUM OPTION — Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 50% of your monthly allowance.

OPTION D - 25% TO BENEFICIARY - INCREASE TO MAXIMUM OPTION — Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 25% of your monthly allowance.

OPTION 1 - REDUCING RETIREMENT RESERVE TO A BENEFICIARY — Your beneficiary receives the balance of a reserve set up to pay your retirement allowance if you die **before the reserve is depleted**. You can name more than one beneficiary and you can change your beneficiary(ies) at any time after retirement.

Under **Options 2, 3, and 4**, you cannot change your beneficiary after retirement. Options 2 and 3 pay you a larger monthly retirement allowance than the corresponding Options A and C. However, under Options 2 and 3, if your beneficiary dies before you, you continue to receive the reduced allowance provided by that option.

OPTION 2 - 100% TO BENEFICIARY - PERMANENT REDUCTION — You can name only one beneficiary. Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 100% of your monthly allowance.

OPTION 3 - 50% TO BENEFICIARY - PERMANENT REDUCTION — You can name only one beneficiary. Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 50% of your monthly allowance.

OPTION 4 - CHOICE OF AMOUNT TO BENEFICIARY - PERMANENT REDUCTION — You can name one beneficiary or multiple beneficiaries. Upon your death, your beneficiary(ies) receives a lifetime monthly retirement allowance of \$_____ (can be no more than the Option 2 allowance).
(Enter amount)

RETIREMENT OPTION BENEFICIARY — For Options A, B, C, D, 2, and 3 you may list only ONE beneficiary. To name additional beneficiaries under Options 1 or 4, use the sheet provided at end of the application **and** check this box.

BENEFICIARY NAME	RELATIONSHIP	BIRTH DATE	SOCIAL SECURITY NUMBER (Optional)
_____	_____	_____	_____

ADDRESS _____

MEMBER'S SIGNATURE

DATE

_____, 20____
 I attest that the information provided on this application is true and correct.

SIGN THIS PAGE AND CONTINUE TO PART FOUR ON NEXT PAGE

MEMBER'S NAME _____

MEMBERSHIP NUMBER _____ SOCIAL SECURITY NUMBER _____

PART FOUR: DESIGNATION OF GROUP LIFE INSURANCE BENEFICIARY(IES)

Only those members with 10 or more years of membership credit are covered by group life insurance at retirement. This section is to be used to name a beneficiary(ies) for your group life insurance, if any. Please be sure to name both a Primary and Contingent beneficiary. Complete this section even if the beneficiary you name is the same as in Part Three. This designation becomes effective when received by the Division of Pensions and Benefits.

PRIMARY INSURANCE BENEFICIARY(IES)

	BENEFICIARY NAME(S)	RELATIONSHIP	BIRTH DATE	SOCIAL SECURITY NUMBER (Optional)
1.	_____	_____	_____	_____
	ADDRESS _____			
2.	_____	_____	_____	_____
	ADDRESS _____			
3.	_____	_____	_____	_____
	ADDRESS _____			
4.	_____	_____	_____	_____
	ADDRESS _____			

CONTINGENT INSURANCE BENEFICIARY(IES) — *If no Primary Beneficiary is living at my death, payment is to be made to:*

	BENEFICIARY NAME(S)	RELATIONSHIP	BIRTH DATE	SOCIAL SECURITY NUMBER (Optional)
1.	_____	_____	_____	_____
	ADDRESS _____			
2.	_____	_____	_____	_____
	ADDRESS _____			
3.	_____	_____	_____	_____
	ADDRESS _____			
4.	_____	_____	_____	_____
	ADDRESS _____			

MEMBER'S SIGNATURE _____

DATE _____

_____, 20_____
I attest that the information provided on this application is true and correct.

Return this application to:
Division of Pensions and Benefits
PO Box 295
Trenton, NJ 08625-0295

ADDITIONAL PENSION OPTION BENEFICIARIES — USE THIS PAGE FOR OPTION 1 OR OPTION 4 ONLY

Use this page if you wish to name additional retirement option beneficiaries to share the benefit with the Option 1 or Option 4 beneficiary you named in Part 3 of the application. Option 1 beneficiaries share the benefit equally. If you are choosing Option 4, indicate the percentage or dollar amount of the benefit that each beneficiary should receive. This section is **not** to be used for Options A, B, C, D, 2, 3, or for life insurance beneficiaries.

MEMBER'S NAME _____

MEMBERSHIP NUMBER _____ **SOCIAL SECURITY NUMBER** _____

	BENEFICIARY NAME	RELATIONSHIP	BIRTH DATE	SOCIAL SECURITY NUMBER (Optional)
2.	_____	_____	_____	_____
	ADDRESS _____			
3.	_____	_____	_____	_____
	ADDRESS _____			
4.	_____	_____	_____	_____
	ADDRESS _____			
5.	_____	_____	_____	_____
	ADDRESS _____			

MEMBER'S SIGNATURE

DATE

_____, 20____
I attest that the information provided on this application is true and correct.

INSTRUCTIONS

This form must be completed by the employer when a member files an application for retirement benefits. Failure to provide this information will delay processing the member's retirement application.

ITEMS REQUIRING SPECIAL ATTENTION

- ITEM 5:** A member must terminate employment **before** his or her retirement date. For example, if a member is retiring April 1, he or she cannot be on payroll on April 1.
- ITEM 7:** If the member was dismissed under suspension or formal indictment, place an (X) in the YES block. You must also indicate with an (X) if the suspension is paid or unpaid. If the YES box is indicated in 7b, copies of the preliminary and final notices of disciplinary action or their equivalents, or a copy of the indictment must be attached. This information is required before processing the retirement application.
- ITEM 9:** Indicate the following: (1) number of months, (2) amount of monthly base salary, (3) the beginning and ending dates of that salary, and (4) the total base salary for the period. A total of 12 months (10 months for those applicable) of salary must be indicated.

Example:

4 months @ \$ 4,000 from 9/1/99 to 12/31/99 \$ 16,000

5 months @ \$ 3,850 from 4/1/99 to 8/31/99 \$ 19,250

3 months @ \$ 3,700 from 1/1/99 to 3/31/99 \$ 11,100

Total base salary paid for last year of service \$ 46,350

- ITEM 10:** If the Division finds that there has been a significant salary increase in the last three years of employment and an explanation and supporting documentation is not included with this certification, the Division will request the information and will not process the application until the information is received. This will delay the payment of retirement benefits to the member.
- ITEM 11:** Indicate any retroactive salary increases within the last 3 years. Include: (1) amount of payment, (2) the date of payment, (3) the beginning and ending dates for each increase, (4) the pension deduction, and (5) the new annual base salary.
- ITEM 12:** Indicate the actual or projected base salary subject to pension contributions for the last two quarters preceding the termination date. It is important to indicate all deductions withheld (pension, loan, back deductions, and arrears payments). Failure to do so could result in incorrect benefits being paid. The base salary should reflect the number of months worked in that quarter.

State biweekly reporting agencies must attach a screen print of the member's TREADHOC biweekly certification with salaries projected until termination date in lieu of completing Item 12.

**SUBMIT THIS CERTIFICATION TO: RETIREMENT BUREAU
DIVISION OF PENSIONS AND BENEFITS
PO BOX 295
TRENTON NJ 08625-0295**