
Considerations for Choosing between the

PERS *and* ABP

**Public
Employees
Retirement
System**

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**Alternate
Benefit
Program**

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
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TRENTON, NJ 08625-0295



DECEMBER 2008

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INTRODUCTION

The purpose of this booklet is to assist newly eligible employees currently participating in the Public Employees' Retirement System (PERS), Teachers' Pension Annuity Fund (TPAF), or Police and Firemen's Retirement System (PFRS) in determining whether the PERS or the Alternate Benefit Program (ABP) is the better system for them. The information contained in this booklet is intended to serve as a general reference outlining the major provisions of the PERS and the ABP. While this ABP booklet is intended to be as accurate as possible, all information provided is subject to the detailed provisions of New Jersey law and regulations, as well as applicable contracts or provisions of the following listed carriers.

- AIG VALIC
- AXA Financial (Equitable)
- The Hartford
- ING Life Insurance and Annuity Company
- Met Life (formerly Travelers/CitiStreet)
- TIAA-CREF

The explanation of the programs in this booklet cannot alter, modify, or otherwise change the controlling statutes or legal documents in any way, nor can any right accrue by reason of any statement or omission of any statement in this booklet.

If you are currently in the PERS, you can continue that participation or transfer to the ABP. If you are currently in the TPAF or PFRS, you *must* transfer to either the PERS or ABP. **These are one time decisions which are irrevocable for the balance of your employment with your current employer.** Accordingly, you are urged to consider this choice carefully and to discuss it with your financial advisor.

CONTRIBUTION RATES

PERS

Your contributions to the PERS are set by law at 5.5% of base salary. Future contributions will reflect changes in your salary, but your percentage rate does not change. Your contributions are generally deducted on a before-tax basis.

Employer contributions to the PERS are actuarially determined each year to insure adequate funding for future liability of the system.

ABP

Your contributions to the Alternate Benefit Program are set by law at 5% of base contractual salary. Your mandatory biweekly contributions are made on a before-tax basis. Pre-tax contributions are not taxed until retirement.

- The 5% mandatory pension contribution will be calculated on the **actual base salary paid** as long as you earn 50% or more of your base salary.
- If you earn less than 50% of your full base salary, no deductions will be made and your status will be the same as that of a member who is on leave of absence without pay.

Employer contributions are currently fixed at 8% of base salary.

If you are fully vested, you may allocate premium payments with any or all of the authorized carriers* listed below:

- AIG VALIC
- AXA Financial (Equitable)
- The Hartford
- ING Life Insurance and Annuity Company
- Met Life (formerly Travelers/CitiStreet)
- TIAA-CREF

**For more information concerning the Alternate Benefit Program (ABP), the authorized carriers available, their portfolios and information numbers, please consult the Division of Pensions and Benefits Carrier Comparison Guide Alternate Benefit Program (ABP) - Additional Contribution Tax Sheltered Program (ACTS). The publication number of the guide is EA-0102-0806 and it is available for viewing on the Division of Pensions and Benefits Web site at: www.state.nj.us/treasury/pensions.*

VESTING

PERS

Vesting is granted in the PERS after 10 years of participation. For example, if you are leaving an educational institution after 10 years of participation, you would be entitled to a deferred retirement benefit commencing at age 60 for Tier 1 and Tier 2 Class B membership and commencing at age 62 for Tier 3 Class B membership. The amount received is determined by the retirement formula described in “Retirement Benefits” on page 12.

If death occurs any time prior to receiving retirement benefits, your beneficiary receives no part of your employer’s contributions; only your contributions with interest are returned.

ABP

You are immediately vested if you are:

- an active employee transferring directly from the PERS or TPAF;
- an employee who owns a retirement contract that contains both employer and employee contributions based upon employment in a field of higher education. The retirement contract must be in force, that is, the employee is entitled to receive benefits at a future date.
- an active or vested member of a state-administered retirement system of any state in the United States. The retirement contract must be in force and you must be entitled to receive benefits at a future date.

Currently, if you die prior to retirement, the **total value** of the account will be payable to your beneficiary.

FIRST-YEAR PARTICIPANTS (DELAYED VESTING)

If you do not meet the above criteria, employee and employer contributions required during the initial year of participation are held in a delayed vesting status. If you do not continue eligible employment in the second year, you may apply for a refund of employee contributions. Employer contributions revert back to the employer. If you die during the delayed vesting period, a refund of your contributions will be paid to your beneficiary. While in the delayed vesting period, loans and transfers between carriers are not permitted.

ABILITY TO TRANSFER MEMBERSHIP

PERS

You may transfer active membership in the PERS to any public employer in New Jersey and continue participation. You may also transfer among other retirement systems administered by the State of New Jersey provided you meet the eligibility requirements.

ABP

Your retirement account is transferable. You do not lose your employer and employee contributions if you are vested. You may not transfer to another State of New Jersey-administered pension plan.

SERVICE CREDIT

PERS

The PERS is a defined **benefit** plan and your retirement benefit is based on your years of service and salary. You may purchase additional service credit (if eligible), but you must be actively employed and contributing regularly to the retirement system. Public law specifies the criteria and eligibility requirements that must be met to qualify for a purchase.

ABP

The ABP is a defined **contribution** plan and your retirement benefit is based on your contributions, your employer's contributions, and your investment income. Public law specifies the criteria and eligibility requirements that must be met to qualify for a purchase.

RETIREMENT AGE

PERS

In the PERS, retirement is permitted at age 60 for Tier 1 and Tier 2 Class B membership, or at age 62 for Tier 3 Class B membership, or after the completion of 25 years of membership service. *(Please see page 12 for further information on retirement from the PERS.)*

ABP

There is no minimum age or service requirement for retirement eligibility. Benefits are determined by the retirement age of the annuitant in relation to the funds accumulated and the distribution option selected. (Please see page 12.)

HEALTH BENEFIT COVERAGE AFTER RETIREMENT

PERS AND ABP

If you are a State employee and have 25 or more years of service credit in either the PERS or ABP before July 1, 1997, you will have the State Health Benefits Program premiums paid in full by the State regardless of when you retire. Employees who attain 25 years of service credit or retire with a disability retirement after July 1, 1997, will share in the cost of the premiums if they are enrolled in the Traditional Plan when retired as determined by the employee labor contracts in force at the time of retirement.

If you have 25 or more years of service in either the PERS or ABP before July 1, 1997 and are eligible, you will have the prevailing Part B Medicare premium reimbursed by the State when you continue State Health Benefits Program coverage in retirement regardless of your retirement date. Those who attain 25 years of service credit or retire with a disability retirement after July 1, 1997, will be reimbursed as determined by the employee labor contracts in force at the time of retirement.

DISABILITY BENEFITS

PERS

Ordinary Disability retirement benefits are available to you as a PERS member after 10 years of New Jersey pension membership credit if you become totally and permanently incapacitated from performing your regular or assigned job duties. Benefits payable are in addition to those provided by Social Security. If you qualify for an Ordinary Disability, the annual benefit is equal to 1.64% of the final average salary (FAS) for each year of membership service with a minimum guaranteed benefit of 43.6% of the FAS. The FAS is the average of the base salaries received by you during the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the larger benefit.

If you are totally and permanently disabled as a result of a traumatic event occurring during and as a result of your regular or assigned job duties, you may qualify for Accidental Disability retirement.* If your claim is approved by the PERS Board of Trustees, you will receive a benefit equal to 72.7% of the salary being received on the date of the traumatic event. Benefits are reduced dollar for dollar by Worker's Compensation benefits.

All claims for disability retirement must be approved by the PERS Board of Trustees based on the application and supporting medical evidence.

**You must be an active member of the PERS system on or before the date of the traumatic event.*

ABP

Under ABP, non-contributory long-term disability (LTD) insurance provides protection for eligible employees against income loss due to total disability. There is no differentiation between service-connected (occupational) and nonservice-connected (nonoccupational) disability. You become eligible for LTD after completing one year of full-time continuous employment in an ABP eligible position.

If the claim is approved by the carrier, benefits begin after six months of total disability and continue for the duration of the disability up to age 70 or the date your retirement benefits begin. The benefit is up to 60% of base salary and will be calculated using your 12 month base salary prior to the first month in which you became eligible to work. The benefit is offset by any benefits from Social Security or Workers' Compensation. In addition, pension contributions (both your contribution of 5% and the employer's contribution of 8%) are continued (up to age 70 or the date retirement benefits begin) to your allocated investment carrier(s) in an amount equal to the annual contribution paid at the time the disability began.

TERMINATION OF EMPLOYMENT

PERS

As a PERS participant leaving public employment in New Jersey prior to having 10 years of participation, you are entitled to a return of your contributions. Interest is paid if the account has been in existence at least 3 years. You do not receive contributions made by your employer.

If you terminate public employment in New Jersey, you may: 1) withdraw your personal contributions plus interest*; 2) retire, if all eligibility requirements are met (see page 12); or 3) defer retirement, if you have at least 10 years of pension membership credit and are a Tier 1 or Tier 2 member under the age of 60, or a Tier 3 member under the age of 62.

**Under federal tax law, cash distributions based on tax-deferred contributions which are received before the age of 59 1/2 may be subject to a 10% tax in addition to ordinary income taxes.*

ABP

Employee and employer contributions required during the initial year of participation for participants who do not meet the criteria for immediate vesting are held in a delayed vesting status. If you do not continue eligible employment in the second year, you may apply for a refund of employee contributions. Employer contributions revert back to the employer. If you discontinue participation in the ABP and you are vested (see page 4), you retain full ownership of all contributions (employer and employee) and earnings in any annuity certificate(s) held with your chosen carrier(s). You will be considered retired if you transfer your annuity certificate(s) to an annuity carrier that is outside of the ABP network. *(For current authorized carriers, please see page 2 and page 20).*

BORROWING PRIVILEGES

PERS

The PERS permits actively contributing members with three years of posted service credit to borrow up to one-half of their personal contributions. Loans are repaid through payroll deductions. The minimum repayment is equal to 5.5% of your base salary. The maximum repayment is 25% of your base salary. You are permitted two loans per calendar year.

Interest is charged on the unpaid balance of the loan at a rate which is set annually. An administration fee may also be charged. For information about the current loan interest rate and administration fee go to: www.state.nj.us/treasury/pensions/loans_home.htm

If you have an outstanding loan balance at retirement, you may: 1) pay it in one lump sum; or 2) agree to have your retirement allowance withheld until the balance, plus interest, has been satisfied.

ABP

Vested members of the ABP are eligible to receive loans based on their account balances. Loans vary between carriers as to amount, frequency, and interest rate. You should contact your investment carrier(s) for applications and repayment procedures.

LIFE INSURANCE BENEFITS

PERS

Most members of the PERS are covered by group life insurance during their active employment. There are two types: 1) noncontributory (employer paid); and 2) contributory (employee paid). As a member, you must carry the contributory insurance for the first 12 months of membership.

Contributory coverage can be canceled after this period, however, it can never be reinstated. Your noncontributory and contributory group life insurance are each equal to 1 1/2 times the base salary you received in the 12 months preceding your death. If covered by both, your total death benefit is equal to 3 times that base salary. The retired benefit for those with at least 10 years of service is 3/16ths of the base salary you received in the 12 months preceding retirement.

You may convert your group life insurance, within 31 days of termination, to an individual policy (except term policies or those with disability provisions) with Prudential when you withdraw, retire, or reach the end of an approved leave of absence period. No physical examination is necessary for conversion. Members who convert their insurance will pay premiums in the same amount as anyone else their age applying for insurance with the carrier.

ABP

Most ABP participants, during their active employment, are covered by a group noncontributory insurance plan. The death benefit is equal to 3 1/2 times the last 12 months of base salary on which pension contributions were based. Upon retirement you are covered by a noncontributory life insurance benefit equal to 1/2 of your salary in the last year of active service, if you meet ***all*** of the following conditions:

- you have 10 or more years of pension membership credit;
- you are at least age 60 at the time of retirement;
- you receive benefits from your annuity within 12 months of terminating employment;
- you are actively employed in the year before you retire; and
- you are covered by the ABP group insurance plan immediately before retirement.

PRE-RETIREMENT DEATH BENEFITS (under the retirement plans)

PERS

If you are a member of the PERS and die prior to retirement, your beneficiary receives the return of your contributions with interest.

If, as a member of the PERS, you die prior to retirement as a result of an accident occurring during the performance of regular job duties and the accident is not a result of willful negligence, your widow(er) may be eligible for annual benefits in the amount of 50% of your final salary. If you have no widow(er), benefits are paid to your surviving eligible dependent children and/or eligible dependent parents in specified amounts. This allowance is in addition to any benefits payable to your named beneficiary under life insurance benefits.

ABP

As an ABP participant if you die prior to retirement, the total value of the account(s), including all employer contributions and all investment earnings, are payable to your named beneficiary(ies). This amount is in addition to any benefits payable to your named beneficiary under the group life insurance benefits. *(Please see page 4 for information regarding return of contributions during the Delayed Vesting period.)*

RETIREMENT BENEFITS

PERS

The basic retirement benefit under the PERS is determined by years of membership in the system, divided by 55, times the Final Average Salary (FAS). The FAS is the average of the base salaries received by you during the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the larger benefit.

You can retire under the PERS at age 60 or older, with no minimum years of service for Tier 1 and Tier 2 Class B membership.

You can retire under the PERS at age 62 or older, with no minimum years of service for Tier 3 Class B membership.

You can also retire at any age after attaining 25 years of service. Retirement prior to attaining age 55 will reduce benefits by 1/4 of 1% for each month you are under age 55 for Tier 1 Class B membership. For Tier 2 Class B membership the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year you are under age 60 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year you are under age 55. For Tier 3 Class B membership, if you are under the age of 62 at the time of retirement, your retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year you are under age 62 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year you are under age 55.

If you are a qualified veteran, you may apply for a Veteran Retirement. Qualified veterans age 55 or older with 25 or more years of service, or age 60 or older with 20 or more years of service, are eligible for an annual benefit equal to 54.5% of their salary during the consecutive 12-month period of membership which provides the largest possible benefit. Qualified veterans age 55 or older with 35 or more years of service are eligible for an annual benefit equal to 1/55th of their last year's salary for each year of service credit.

ABP

As an ABP participant, your retirement benefit amount is based on the value of the account (employer/employee contributions plus investment earnings), age, and the distribution option(s) selected. There is no minimum age or service requirement.

You cannot receive benefits from ABP retirement investments to which the State of New Jersey has contributed as long as you are employed in a position covered by the ABP.

Your application for retirement benefits must be filed directly with the authorized carrier. The carrier will send you a description of the distribution options available and an application.

RETIREMENT INCOME OPTIONS

PERS

The PERS provides sufficient flexibility in the way benefits may be received to meet the needs of most individuals, single or married. The Maximum Option for a Service, Early, or Deferred retirement is derived by the following formula: Years and months of membership, divided by 55, times the Final Average Salary (FAS*).

$$\frac{\text{years of service}}{55} \quad \times \quad \text{FAS}$$

**The FAS is the average of salaries received by the member during the last three years of creditable membership service preceding retirement, or the highest three fiscal years of membership service, whichever provides the larger benefit. (For qualified veterans, see page 12 for calculation.)*

By taking an actuarial **reduction in the Maximum Option** you may provide for the payment of a survivor benefit under one of the following options:

- Option 1:** If the retiree dies before collecting, in the form of monthly allowances, the total amount of funds (initial reserve) that are required to be established by the system to finance a member's retirement, the unused balance of such funds is paid in one lump sum to the retiree's designated beneficiary, if living; otherwise, to the retiree's estate. If the retiree receives the full value of the initial reserve, such allowance will be continued for the remainder of the retiree's life, but nothing will remain as payable to the retiree's designated beneficiary or estate.
- Option 2:** Upon the death of the retiree, the same monthly retirement allowance the retiree received would continue to be paid for the lifetime of the retiree's designated beneficiary. If the named beneficiary dies before the retiree, the retiree's benefit remains at the reduced amount.
- Option 3:** Upon the death of the retiree, an amount equal to one-half of the retirement allowance received by the retiree would be paid for the lifetime of the retiree's designated beneficiary. If the named beneficiary dies before the retiree, the retiree's benefit remains at the reduced amount.
- Option 4:** Under the provisions of Option 4, a member may specify the amount of the allowance to be paid for the lifetime of the retiree's designated beneficiary, if the beneficiary survives the retiree. The benefit to the member cannot be less than that which is available under Option 2. If the named beneficiary dies before the retiree, the retiree's benefit remains at the reduced amount.
- Option A:** Upon the death of the retiree, the same monthly retirement allowance the retiree received would continue to be paid for the lifetime of the retiree's designated beneficiary. If the named beneficiary dies before the retiree, the retiree's benefit will increase to the Maximum Option.

Option B: Upon the death of the retiree, an amount equal to three-quarters of the retirement allowance received by the retiree would continue to be paid for the lifetime of the retiree's designated beneficiary. If the named beneficiary dies before the retiree, the retiree's benefit will increase to the Maximum Option.

Option C: Upon the death of the retiree, an amount equal to one-half of the retirement allowance received by the retiree would continue to be paid for the lifetime of the retiree's designated beneficiary. If the named beneficiary dies before the retiree, the retiree's benefit will increase to the Maximum Option.

Option D: Upon the death of the retiree, an amount equal to one-quarter of the retirement allowance received by the retiree would continue to be paid for the lifetime of the retiree's designated beneficiary. If the named beneficiary dies before the retiree, the retiree's benefit will increase to the Maximum Option.

Under the Maximum Option and all other options, the retiree (or beneficiary) is guaranteed the return of member contributions plus accumulated interest. Under Options 2, 3, 4, A, B, C, and D the designated pension beneficiary is fixed at the time of retirement and cannot be changed thereafter.

**Once the retirement has become due and payable,
no change in the type of retirement or option is possible.**

ABP

You can invest in tax-deferred annuities with any or all of the six authorized carriers. All the carriers participating in the ABP have developed fixed as well as variable payout options to meet the needs of most individuals. Whether you decide to receive payments for your entire lifetime, provide a survivor benefit, attempt to keep pace with inflation, minimize income taxes, or receive your funds in a lump sum, the choice is yours.

With the vast array of investment options available, an ABP participant should carefully review the prospectuses, contracts, and other literature offered by each carrier before deciding on any investment or retirement option.

COST-OF-LIVING ADJUSTMENTS

PERS

PERS retirees are eligible for an annual cost-of-living adjustment in the 25th month of their retirement. The rate of increase is equal to 60% of the percentage change between the average Consumer Price Index (CPI) for the calendar year in which they retired and the average CPI for the 12-month period ending August 31st immediately preceding the year when the adjustment is payable. Upon receiving your first cost-of-living adjustment (COLA), you will be eligible for a COLA every February 1st thereafter. Beneficiaries (under Options 2, 3, 4, A, B, C, and D) are also eligible for the COLA.

ABP

Under the ABP there are no specific cost-of-living provisions. The choice of carriers, the selection of investments, and the type of annuity are entirely up to you.*

**You should carefully review the prospectuses, contracts, and other literature offered by each carrier before you make any investment decisions. Be aware of the specific features, requirements, or restrictions on any investment option. Your choices should be guided by such personal circumstances as your long-range goals, risk tolerance, and other financial assets.*

SOCIAL SECURITY

Social Security coverage is required of all participants in both the PERS and ABP. Your contributions to Social Security are deducted from each pay. Eligible death and retirement benefits are payable under the PERS or ABP program in addition to those received under Social Security. ABP *disability* income benefits are offset by Social Security disability income benefits, if any. PERS members may receive Social Security *disability* income benefits in addition to those received under the PERS.

SUPPLEMENTAL SAVINGS PLANS

Employees of the State of New Jersey, regardless of which retirement system they belong to, may participate in the State Employees Deferred Compensation Plan. Through salary reduction agreements with their employers, employees make tax-deferred contributions to the plan through different investment options. This allows them to set aside additional savings for retirement while reducing their current federal taxes. (Individuals employed through a county, township, or municipality and not paid directly through the State of New Jersey or one of the State's agencies, authorities, commissions or instrumentalities are not eligible to participate in this plan but may participate in a similar plan offered by their employer.)

As a PERS or ABP member you may also participate in the Supplemental Annuity Collective Trust (SACT), which invests the entire *voluntary* contributions in common stocks. There are two separate plans, the SACT-Regular Plan and the SACT-Tax-Sheltered Plan (IRC Section 403[b]). Under the *Regular Plan*, your contributions are taken from salary that has been subject to federal income tax. When the funds are withdrawn at retirement or at the time of separation from service, the contributions are not subject to federal income tax, but the earnings on those contributions are taxable. Under the *Tax-Sheltered Plan*, (available only to employees of public educational institutions) contributions are made on a before-tax (tax-deferred) basis. The salary your employer reports to the Internal Revenue Service is reduced by the amount of your contributions, federal taxes are then deferred on **both** contributions and investment earnings until your retirement or withdrawal from the PERS. The SACT programs are designed to supplement the guaranteed fixed benefit of a PERS pension. These benefits are available as both a variable annuity or as a cash withdrawal.

Employees of county colleges, state universities and colleges, the Commission on Higher Education, the Department of Education, and the Higher Education Student Assistance Authority are eligible to participate in the Additional Contributions Tax Sheltered (ACTS) Program. Through salary reduction agreements, employees are able to obtain supplemental tax-deferred annuities (IRC Section 403[b]) with a variety of investment carriers. The ACTS Program is separate from, and in addition to, the employees' basic pension benefit. The authorized carriers and investment options are the same as currently available to members of the ABP.

ABP

The ABP permits additional tax-deferred contributions to be made to ABP investment carrier account(s) at an amount over and above the 5% required employee contribution. Under the voluntary 403(b) component of the program, you may make additional contributions on a tax-deferred basis. To determine the total percentage of salary you can defer, a tax deferral calculation must be performed. Additional contributions will be calculated on the actual base salary paid less the mandatory pension contributions if you earn 50% or more of your full base salary. No payroll deductions are made if you earn less than 50% of your full base salary.

CONSIDERATIONS FOR CHOOSING BETWEEN THE PERS AND THE ABP

- The older employee having 10 or more years of participation in the PERS, TPAF, or PFRS may prefer to remain in or transfer to the PERS. Even if employment were to be discontinued, the annuity payable at age 60 or age 62 may exceed that yielded from a short investment of employee and employer funds with an ABP investment carrier(s).
- Veterans may qualify for special benefits under the PERS which would preclude consideration of the tax-deferred annuities offered by the six investment carriers under the ABP. (*See Retirement Benefits on page 12.*)
- Employees concerned about inflation may prefer the cost-of-living (COLA) provisions available under the PERS. The COLA is fixed by current statute and presently constitute meaningful protection of retirement income against inflation.
- Employees who have no wish to participate in a self-directed investment plan may prefer to remain in the PERS.

If you do not consider yourself to be in any of the categories described above, the decision to transfer may depend upon a host of other factors, some of which are outlined below. Proper evaluation of these can be made after discussing your particular situation with your financial advisor.

- The 10-year vesting provision under the PERS stipulates the loss of all employer contributions if you leave employment prior to the accumulation of 10 years of service.
- Upon separation from service, the ABP provides an option for cash distribution of annuity contracts. Cash distributions to members under the age of 55 are limited to the employee's contributions and accumulations. The remaining employer's contributions and earnings are available for distribution upon the attainment of age 55.
- The financial consequences of long-term disability tend to be ignored by many administrative and professional employees. Employees with 10 or more years of service have protection under the PERS against financial loss from a permanent disability. However, employees with less service generally do not have this protection unless the disability was a direct result of a traumatic event.* The long term income replacement provisions of the ABP are quite different from the disability benefits normally provided under the PERS. Disability insurance under the ABP is provided through the Prudential Insurance Company of America and is available immediately for employees transferring from the PERS to the ABP. The benefit is 60% of pre-disability salary. There is no differentiation between service connected and non-

*A 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 in the PERS, the worker 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 the source of the injury was a violent or uncontrollable power.

service-connected disability. Benefits are not payable for the life of the participant. Retirement contributions are automatically continued during disability. The monthly benefit will be paid by the carrier up to age 70 as long as the participant remains disabled or up to the time the participant elects to retire and receive retirement annuity or cash distribution.

- Ability to transfer membership: ABP participants can transfer to any educational institution in the United States which offers ABP-like programs, thereby insuring the continuation of accumulated benefits. PERS contributions can be transferred only if the participant is employed by another public employer in a New Jersey State administered retirement plan. (You may be permitted to transfer your contributions in accordance with rules and regulations of other state retirement systems.)

FUND TRANSFERS FOR EMPLOYEES SELECTING THE ABP

As a PERS or TPAF member electing to participate in the ABP, you may have your pension contributions, plus the interest credited to your account, transferred to tax-deferred annuities with any or all of the six authorized carriers available.

How calculated:

If you are age 60 or older or have at least 10 years of pension membership credit, the PERS or TPAF will also transfer the employer's portion of the Contingency Reserve Fund which was established to fund a retirement allowance and was calculated upon the retirement credit established in the PERS or TPAF. The employer's cost is equal to the total cost necessary to fund the retirement allowance at age 60 (multiplied by an actuarial factor), less the value of the member's contributions and interest. If the member is not yet 60, a reduction factor is applied.

When due:

For those PERS and TPAF members who have established less than 10 years of service credit and have not attained age 60, the PERS or TPAF will transfer the employer's portion of the Contingency Reserve Fund when the member accumulates an aggregate of 10 years of service between the PERS or TPAF and the ABP or attains age 60, whichever occurs first. If a PERS or TPAF member has established a minimum amount of retirement credit, the value of the member's contributions and interest can, in some cases, be sufficient to fund the retirement allowance. In these situations, there would be no cost to the employer and no contingent reserve would be transferred.

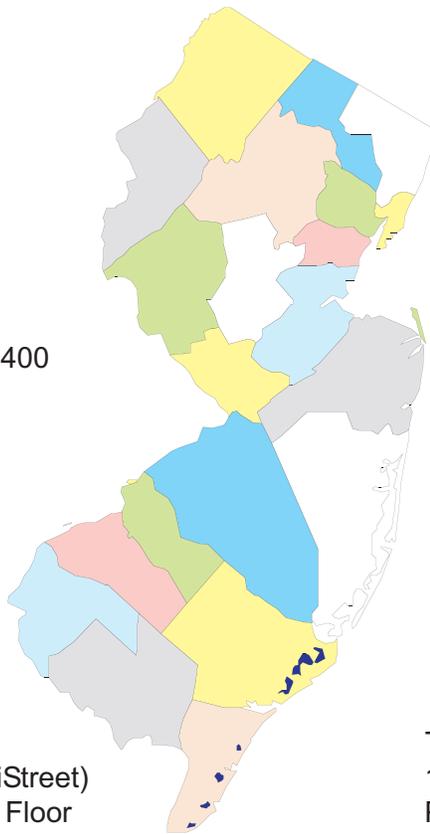
State of New Jersey Alternate Benefit Program Providers' Addresses and Phone Numbers

AIG VALIC
450 Headquarters Plaza
Morristown, NJ 07960
(973) 285-8200 or 1-800-448-2542.
www.americangeneral.com/njabp

AXA Financial (Equitable)
333 Thornall Street, 8th Floor
Edison, NJ 08837
1-866-786-0856
www.equitable.com/nj

The Hartford
303 Lippincott Center,
Suite 122
Marlton, NJ 08053
1-800-243-7782, Ext. 54400
retire.hartfordlife.com

ING Life Insurance
and Annuity Co.
581 Main Street, 4th Floor
Woodbridge, NJ 07095
1-877-873-0321
www.ingretirementplans.com



Met Life
(formerly Travelers/CitiStreet)
581 Main Street, Sixth Floor
Woodbridge, NJ 07095
1-800-545-0108 or (732) 602-0500
www.travelersla.com

TIAA-CREF
155 Village Blvd, Suite A
Princeton, NJ 08540
1-800-842-8412
www.tiaa-cref.org

This member booklet provides a comparison of the benefits available in the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Alternate Benefit Program (ABP). This information should be used for general guidance only and should not be construed as a definitive statement of the requirements or limitations that may apply in specific situations. In the event of any conflict between the terms of this comparison and that of New Jersey public law and rules established under the New Jersey Administrative Code controlling the Public Employees' Retirement System and the legal documents controlling the Alternate Benefit Program, or of any investment or distribution option, the provisions of the law, administrative code, and legal documents will control.

