

Applying for Retirement

State Police Retirement System

MANDATORY RETIREMENT

Retirement from the State Police is mandatory upon reaching age 55. If you do not file for retirement before your mandatory retirement date, you will be automatically retired by the Board of Trustees on a Service Retirement, effective the first day of the month immediately following your 55th birthday. Even though the Board of Trustees has retired you, you cannot begin receiving benefits until you have filed an online retirement application with the Division of Pensions and Benefits.

APPLYING FOR RETIREMENT

You should begin the retirement process at least four to six months in advance. This will give yourself enough time to review the benefits that are available to you.

Members of the State Police Retirement System can obtain an estimate of retirement benefits from their Human Resources Representative.

You must meet all of the eligibility requirements for retirement and **cannot file for retirement more than one year before your retirement date** (Members eligible for a Deferred Retirement may file more than one year in advance upon termination of employment).

Paper applications are no longer accepted. You must file for retirement online using the **Member Benefits Online System (MBOS)**. This is an easy, secure, and accurate way to apply for retirement. To begin the registration process, go to: www.nj.gov/treasury/pensions/mbosregister.shtml (select "Online Member Services - MBOS"). Be sure to carefully read the instructions and the fact sheets about retirement prior to submission.

All retirements are effective the first of a month. Your online application must be received by the Division of Pensions and Benefits before your retirement date. **Under no circumstances can a retirement become effective prior to the date the online application is received by the Division of Pensions and Benefits.**

It is your responsibility to file for retirement online. Four to six months advance filing is recommended. Processing times vary and cannot begin until we have received all the necessary information from both you and your employer. **Your employer will be notified that you have filed an application for retirement.**

If you have not furnished proof of your age to the Division of Pensions and Benefits, you must submit a photocopy of your proof of age to the Division.

If you retire with an outstanding loan balance, you must decide how you wish to repay your loan. You may pay the loan ***in its entirety*** prior to receiving any benefits, or continue your monthly loan repayment schedule into retirement until the loan balance ***plus interest*** has been repaid.

TYPES OF RETIREMENT

The following types of retirement benefits are calculated using your Years of Service and Final Compensation.

- **"Years of Service"** means the amount of membership service you have credited to your SPRS account.

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- **“Final Compensation”** - For a SPRS **Tier 1** member enrolled *on or before* May 21, 2010, Final Compensation means the salary upon which contributions were based in the last 12 months of creditable service preceding retirement.

For a SPRS **Tier 2** member enrolled *after* May 21, 2010, Final Compensation means the *average* salary upon which pension contributions were based for any **three fiscal years** of membership preceding retirement that provides the largest possible benefit.

For **all** SPRS members, Final Compensation includes the value of the maintenance allowance for the same period.

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

Service Retirement

This type of retirement is available at any age when you complete 20 years of creditable service as a member of SPRS. The amount of your annual retirement allowance is equal to 50 percent of your Final Compensation.

If you are retiring on a mandatory retirement at age 55 **and** you were an active member of the retirement system on August 29, 1985, Chapter 175, P.L. 1985, guarantees you an annual retirement allowance of 50 percent of your Final Compensation, even if you have not completed 20 years of service with the State Police.

Special Retirement

This type of retirement is available at any age to members who have 25 years or more of service credit in the SPRS. The amount of your annual retirement allowance is equal to 65 percent of your Final Compensation **plus** 1 percent for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is, therefore, 70 percent of your Final Compensation.

Deferred Retirement

This type of retirement is available to SPRS members with at least ten years of service credit and who are not yet 55 years of age when they terminate employment. The annual retirement allowance is 2 percent of Final Compensation for each year of service up to 25 years.

The effective date of a Deferred Retirement is the first of the month after you attain age 55. You must file an online application to receive a Deferred Retirement, and you should file the online application when you terminate covered employment.

If you are terminated for cause, you may not be eligible to receive Deferred Retirement benefits. The SPRS Board of Trustees will make that determination at the time you file your online application.

Your group life insurance coverage is not in effect between the time you terminate employment and when your Deferred Retirement becomes effective.

If you die before your Deferred Retirement becomes effective, the beneficiary on your online retirement application will receive a return of your contributions, unless a subsequent *Designation of Beneficiary* form is filed. There is no other death benefit under these circumstances.

For information about converting your group life insurance to an individual policy at termination, see Fact Sheet #13, *Conversion of Group Life Insurance*, which is available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: www.nj.gov/treasury/pensions

You will not be able to continue coverage under the State Health Benefits Program (SHBP) retired group if you apply for Deferred Retirement. 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 laws. If your

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retirement allowance becomes due and payable during the 18 months of extended COBRA coverage, you would qualify for coverage in the SHBP retired group. In this case, you must contact the Division of Pensions and Benefits and request a health benefits offering letter within 60 days of your eligibility for the SHBP retired group coverage.

At any time before your Deferred Retirement becomes effective, you may change your mind and apply for a lump-sum withdrawal of your pension contributions. However, if you cancel your Deferred Retirement and withdraw your contributions, all the rights and privileges of membership will end.

Disability Retirement

For information about Disability Retirement, see Fact Sheet #39, *Disability Retirement Benefits*, which is available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: www.nj.gov/treasury/pensions

SERVICE UNDER OTHER PENSION SYSTEMS

Only service rendered as a member of the State Police may be used to satisfy the minimum creditable service requirements of the retirement types described above. This includes the creditable service of members appointed to the Division of State Police under N.J.S.A. 53:5A-5(c-d).

If you purchased service credit for service under another State of New Jersey retirement system, this service credit cannot be used to fulfill *minimum service requirements*. Such service credit, however, may be applied to your retirement allowance as an additional one percent of Final Compensation for each year of service credit up to the limits specified.

PAYMENT OF PENSION TO A SURVIVING FAMILY MEMBER

Upon your death as a retired member, your spouse, civil union partner or eligible domestic partner, and/or child(ren) may be entitled to a monthly pension. The terms used for the eligibility of these benefits are explained here:

“Spouse” means a person to whom you are legally married. A photocopy of the *Marriage Certificate* is required for verification.

“Civil Union Partner” means a person of the same sex with whom you have entered into a civil union. A photocopy of the *New Jersey Civil Union Certificate* or a valid certification from another jurisdiction that recognizes same-sex civil unions is required for verification.

“Domestic Partner” is a same-sex domestic partner, as defined under Chapter 246, P.L. 2003, the Domestic Partnership Act, of any State employee or State retiree (or an eligible employee or retiree of a local public entity if the local governing body adopts a resolution to provide Chapter 246 pension benefits). A photocopy of the New Jersey *Certificate of Domestic Partnership* dated prior to February 19, 2007 or a valid certification from another jurisdiction that recognizes same-sex domestic partners is required for verification.

“Child” means your unmarried child:

- under the age of 18; or
- 18 years of age or older and enrolled in high school; or
- any age who, at the time of your death, is disabled because of mental or physical incapacity and is incapable of substantial gainful employment because of the impairment. This incapacity must last, or be expected to last, for a continuous period of not less than 12 months as determined by the SPRS Medical Review Board.

Retired Member Death Benefit

Upon your death as a retired member, your eligible surviving spouse, civil union partner, or domestic partner will receive an annual pension of 50 percent of your Final Compensation. This benefit is payable for the lifetime of the spouse/partner, or until the spouse/partner remarries or enters into a new civil union or domestic partnership.

If there is no eligible surviving spouse or partner or your spouse/partner dies, remarries, or enters into a new civil union or domestic partnership, a pension will be paid to your eligible dependent children, under the age of 18, at the rate of:

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

These survivor benefits are in addition to any group life insurance benefits that may be payable.

GROUP LIFE INSURANCE

Most members of the retirement system are covered by group life insurance.

When you retire, the amount of your group life insurance will be equal to ½ of your Final Compensation.

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

Conversion

For most members, group life insurance is reduced at retirement. You have 31 days after termination of employment to convert the amount of insurance that was reduced to private individual insurance coverage. If you wish to supplement this coverage with either a conversion policy from the Prudential Life Insurance Company, or a policy from another insurance carrier, it is best to begin exploring your options at least four to six months prior to your retirement. However, **you cannot file to convert your life insurance any earlier than six months prior to your retirement date.**

To estimate the cost of conversion to a private policy with the Prudential Life Insurance Company, contact a Prudential agent or use the conversion calculator on the Division of Pensions and Benefits Web site.

For additional information see Fact Sheet #13, *Conversion of Group Life Insurance*.

HEALTH BENEFITS

Filing for retirement does not automatically enroll you in retired health benefits coverage.

If you are covered by the State Health Benefits Program (SHBP) at the time you retire, you will receive a letter approximately three months before your retirement date offering you enrollment in the SHBP retired group. You must file the *Retired Coverage Enrollment Application* when you receive your offering letter.

See Fact Sheet #11, *Enrolling in Health Benefits Coverage When You Retire*, for additional information.

As an SPRS retiree, the State will pay for all or a portion of your health benefits coverage, and that of eligible dependents, during your lifetime if you:

- Retire on a benefit based on at least 25 years of service; or
- Retire on a SPRS disability retirement; or
- Retire on a SPRS mandatory retirement at age 55 with at least 20 years of service — under the provisions of N.J.S.A. 53:5A-8(d).

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CANCELLING OR CHANGING YOUR RETIREMENT DATE

The following are some important points to remember if you consider changing your retirement to a later date or cancelling your retirement:

- You may change or cancel your retirement within 30 days of your retirement date, or 30 days after the approval of your retirement by the Board of Trustees, whichever is later.

Note: You cannot cancel or change the date for a *disability retirement* once it has been approved by the Board of Trustees.

- If you cancel or change your retirement date, it is your responsibility to notify your employer to ensure that any active health benefits are not cancelled and your employment remains uninterrupted.
- **Cancelling or changing your retirement date does not guarantee continued employment with your employer.**

COST-OF-LIVING ADJUSTMENTS

With the passing of Chapter 78, P.L. 2011, Cost-of-Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law does not reduce any COLA increases that have already been added to retiree benefits. See Fact Sheet #18, *Cost-of-Living Adjustments*, for more information.

EMPLOYMENT AFTER RETIREMENT

Working for private industry, the federal government, or a government agency in another state will not normally affect your SPRS retirement benefits.

If you return to public employment in New Jersey after retirement in any position *except* as a State Police Officer, your SPRS retirement allowance will continue and you can receive salary from the new employment. However, you cannot become a member of that retirement system. While most retirees will not return to employment covered by the SPRS, those who do should expect to cancel their retirement and reenroll in the SPRS.

If considering a return from retirement, please see Fact Sheet #57, *Employment After Retirement*.

Note: A SPRS retiree who returns to public employment before age 59½ may be subject to 10 percent additional federal tax withholding for an in-service distribution under the Internal Revenue Code. Because this issue is fact sensitive, you should consult with the Internal Revenue Service or a qualified tax advisor if considering a return from retirement to public employment.

FACT SHEETS AND FORMS

The fact sheets, forms, and other publications mentioned above are available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: www.nj.gov/treasury/pensions

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