

Designating a Beneficiary

All Funds

An important aspect of membership in a New Jersey State-administered pension system is the payment of benefits to your named beneficiaries. Upon your death, the Division of Pensions and Benefits will pay death benefits to the last named beneficiary, or beneficiaries, on file with the Division. It is, therefore, very important to keep your beneficiary information up to date.

You should consider updating your Designation of Beneficiary any time you experience a major life event such as marriage, civil union, divorce, dissolution of a civil union or domestic partnership, birth or adoption of a child, or the death of a spouse/partner, child, or parent.

Active members and retirees who are unsure of their beneficiary designations may obtain this information online using the **Member Benefits Online System (MBOS)**. MBOS is a set of Internet based applications that allow registered members access to information about their pension. You must be registered with MBOS to begin the process go to: www.nj.gov/treasury/pensions/mbosregister.shtml

It is important to recognize that MBOS is provided for Member use only. Use of MBOS by anyone other than the member will result in the Division of Pensions rendering the designation invalid and reverting to the last acceptable designation or the Estate as the beneficiary designation of record.

In an effort to avoid any unauthorized attempts to change a member's designation just prior to death, the Division may investigate beneficiary changes made under such circumstances.

If you wish to change your beneficiary designation, you can safely do so using MBOS. The new designations will become effective immediately.

ACTIVE MEMBERS

Paper Designation of Beneficiary forms are no longer accepted by the Division of Pensions and Benefits for active members of the following retirement systems:

PERS – Public Employees' Retirement System PFRS – Police and Firemen's Retirement System
TPAF – Teachers' Pension and Annuity Fund SPRS – State Police Retirement System

Exceptions to Online Designations for Active Members

A paper form must be used by active members of the aforementioned systems under the following circumstances:

- An active member designates a beneficiary or beneficiaries to receive a specific dollar amount of the proceeds.

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Active members may list a definite dollar amount for a beneficiary, but because the member's group life insurance fluctuates due to salary changes, a beneficiary must be named to receive the remaining balance. For example:

"Bob Smith, brother, \$10,000; Joe Smith, son, the remaining balance."

- An active member's account is annotated due to a court order.

Please be advised that whenever the Division has a court order on file for any member for any reason, that member is precluded from changing (or viewing) his or her beneficiary designation through his or her MBOS account, thereby making the paper Designation of Beneficiary form the only instrument by which a change can be made.

- A power of attorney is acting on behalf of an active member

In accordance with the New Jersey Administrative Code, you may choose to nominate someone to act as your power of attorney. However, the power of attorney document must **specifically** grant that person the right to change or update beneficiary information if you wish for them to have that power. Further, if you wish to give them the power to do so, it must **specifically** state that they may name themselves as beneficiary.

Limited access to a computer or a member's reluctance to use MBOS is not considered a sufficient reason to permit the use of a paper Designation of Beneficiary form. Paper Designation of Beneficiary forms that are received for any other type of designation will be returned to the member with instructions for submitting the designation through MBOS.

RETIRED MEMBERS

Retired members of PERS, TPAF, PFRS and SPRS may change their beneficiary designation via MBOS. The Division currently accepts paper Designation of Beneficiary forms for retired members.

Exceptions to Online Designations for Retired Members

A paper form must be used by retired members of the aforementioned systems under the following circumstances:

- A retired member designates beneficiaries to receive unequal percentages of the proceeds payable.

Percentages must add up to 100%. For example:

"Mary Smith, sister, 70%; Thomas Jones, brother, 15%; Robert Jones, brother, 15%" (70% + 15% + 15% = 100%)

Note: In the case of an unequal distribution, if a designated beneficiary predeceases you, the deceased beneficiary's benefits will become payable to the remaining beneficiaries, in equal shares. In the example shown above, if Robert predeceased the member, Mary would receive 77.50% of the benefit and Thomas would receive 22.50% of the benefit.

- A retired member designates a beneficiary or beneficiaries to receive a specific dollar amount of the proceeds.

Retired members may list definite dollar amounts for their group life insurance beneficiaries since the retired group life insurance amount is established at the time of retirement and does not change.

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However, the total amount listed on your form must equal the exact amount of the retired group life insurance benefit. For example:

Betty Smith is a retired PERS member with a group life insurance benefit of \$4,732.50. An acceptable designation would be:

"Dan Smith, son, \$3,000; Dave Smith, grandson, \$1,732.50."

- A retired member's account is annotated due to a court order.

Please be advised that whenever the Division has a court order on file for any member for any reason, that member is precluded from changing (or viewing) his or her beneficiary designation through his or her MBOS account, thereby making the paper Designation of Beneficiary form the only instrument by which a change can be made.

- A power of attorney is acting on behalf of a retired member

In accordance with the New Jersey Administrative Code, you may choose to nominate someone to act as your power of attorney. However, the power of attorney document must **specifically** grant that person the right to change or update beneficiary information if you wish for them to have that power. Further, if you wish to give them the power to do so, it must **specifically** state that they may name themselves as beneficiary.

DIVORCE & COURT ORDER MATTERS

The designation you provide will replace all beneficiary designations previously on file. However, be advised that the Division has the responsibility to deny changes to beneficiary designations that may violate a court order. If a court order exists, you may be required to furnish further documentation to the Division to determine whether or not we can accept your Designation of Beneficiary form.

Further, please be advised that upon the passing of a New Jersey State-administered retirement system member who is divorced, a copy of that member's Final Judgment of Divorce including Property Settlement Agreement may be required before any claim can be paid to determine if any stipulations exist pertaining to that member's New Jersey State-administered retirement system group life insurance benefit. If such stipulations do exist, the designation on file may be affected.

All Beneficiaries Must Be Specifically Named

The Division will not accept any designation from a member that instructs us to issue payment to an unspecified beneficiary (e.g. "my children" "my grandchildren" etc.). This includes designations that instruct us to issue payment on a per stirpes basis.

NOMINATING A TRUST AS BENEFICIARY

You may choose to designate an established trust to receive the group life insurance and/or pension benefit (if applicable).

A **formal trust** is established through legal documents filed with your county court that designates a person or persons as "Trustee." If you elect to designate a formal trust, you **MUST** provide the name and date of incorporation of the trust. You need not provide a copy of the trust when you designate the trust, but upon your death, we will request a copy from the trustee.

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A **testamentary** trust is established through provisions in your Last Will and Testament. Your will must be probated and the Surrogate Court must issue documents establishing the trustee and the trust.

In limited circumstances a “**Special Needs Trust**” can be designated as a survivor option.

Note: The person(s) you designate as trustee(s) will assume all rights and privileges to the benefits that are paid and the Division will not be held responsible for any mishandling of the benefits.

NOMINATING A MINOR AS BENEFICIARY

If you name a minor as beneficiary for the group life insurance and/or pension benefit, the Division of Pensions and Benefits will withhold payment until one of the following occurs:

- The minor attains age 18 (funds can be held until the minor is emancipated), or;
- A court-ordered guardian of the **property** of the minor is appointed by the courts and proof of this is forwarded to the Division, in which case the benefits will be paid to the guardian on the minor's behalf and/or the court (according to the court document).

You may, however, choose to leave the group life insurance and/or pension benefit to a trust established on behalf of a minor.

PLEASE BE ADVISED THE DIVISION NO LONGER RECOGNIZES INFORMAL TRUST AGREEMENTS
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For More Information

If you have questions about your Designation of Beneficiary:

- Write to: Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295
- Send an e-mail to: pensions.nj@treas.nj.gov
- Call the Division's Office of Client Services at: (609) 292-7524.

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