The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

**ELIGIBILITY**

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees’ Retirement System (PERS) or Teachers’ Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established maximum compensation limits;
- Employees enrolled in the Police and Firemen’s Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established maximum compensation limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least $5,000 annually. The minimum salary in 2019 is $8,400, and is subject to adjustment in future years;* and
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least $5,000 annually. The minimum number is 35 hours per week for State employees or 32 hours per week for local government or local education employees.

This fact sheet addresses DCRP membership for employees who do not earn the minimum salary or work the minimum hours required for enrollment in the PERS or TPAF.

- Employees who are already enrolled in a retirement system should refer to the Defined Contribution Retirement Program (DCRP) for PERS, TPAF, PFRS, and SPRS Members Fact Sheet.
- Elected and appointed officials should refer to the Defined Contribution Retirement Program (DCRP) for Elected and Appointed Officials Fact Sheet.

Employees hired on or after November 2, 2008, and on or before May 21, 2010, must earn a minimum base salary of $8,400* or more per year to be eligible for enrollment in Tier 3 of the PERS or TPAF.

Any employee otherwise eligible to enroll in Tier 3 of the PERS or TPAF, who does not earn the required minimum annual salary but earns a minimum base salary of $5,000 or more, must be enrolled in the DCRP.

Employees enrolled after May 21, 2010, must work a minimum of 35 hours per week if a State employee, or 32 hours per week if a local government or local education employee, to be eligible for enrollment in Tier 4 or Tier 5 of the PERS or TPAF.

Any employee otherwise eligible to enroll in Tier 4 or Tier 5 of the PERS or TPAF who does not work the required minimum hours, but earns a minimum annual base salary of $5,000 or more, must be enrolled in the DCRP.

**ENROLLMENT**

The employer is responsible for enrolling a DCRP-eligible employee as of the starting date of employment — by using the online DCRP Enrollment Application available on the Employer Pensions and Benefits Information Connection (EPIC).

Enrollment is required for eligible employees. There is no option for waiver of DCRP enrollment for these individuals.

When enrolled in the DCRP, members contribute 5½ percent of the base salary to a tax-deferred invest-

*The Tier 3 minimum base salary is subject to adjustment annually in accordance with changes in the Consumer Price Index (for 2017 and 2018, the minimum annual base salary was $8,300; for 2015 and 2016, the minimum annual base salary was $8,200).
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Defined Contribution Retirement Program (DCRP) if Ineligible for PERS or TPAF

Members who were eligible to enroll on or after May 22, 2010 — must work a minimum of 35 hours per week if a State employee, or 32 hours per week if a local government or local education employee.

If a member transfers into the PERS or TPAF after a break in service that falls beyond the exceptions described above, the member will be subject to the Tier 4 or Tier 5 minimum hours requirement regardless of the previous membership tier status.

If the work hours fall below the Tier 4 or Tier 5 minimum requirement, the employee will be ineligible for transfer into the PERS or TPAF but will be eligible for DCRP enrollment if the annual salary is at least $5,000.

PERS and TPAF Maximum Wage

In addition, Tier 2, Tier 3, Tier 4, and Tier 5 members are subject to a maximum wage limit for PERS or TPAF pension contributions. The maximum wage limit for 2019 is $132,900 and is subject to annual adjustment. Members who earn in excess of the annual maximum wage will be enrolled in the DCRP in addition to the PERS or TPAF. See the Defined Contribution Retirement Program (DCRP) for PERS, TPAF, PFRS, and SPRS Members Fact Sheet for more information.

Vesting

Employer contributions are not vested in a DCRP member’s account until after the member commences the second year of employment, unless at the time of initial employment the member either 1) participates in a program substantially similar to the DCRP program, or 2) is a member of another State-administered pension fund or retirement system.

As a vested member, you have a right to a benefit at

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Defined Contribution Retirement Program (DCRP) if Ineligible for PERS or TPAF

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There is no minimum retirement age under the DCRP. The member will automatically be considered retired, regardless of age, if there is any distribution of mandatory contributions. However, lump-sum cash distributions to members under the age of 55 are limited to the member’s contributions and earnings; the remaining employer contributions and earnings are only available after age 55.

A member may take a distribution at any time after termination of employment; however, if you return to public employment in New Jersey, you cannot participate in any State-administered retirement system. DCRP members considering future employment in a position covered by any of the State-administered retirement systems should carefully consider this impact before requesting a distribution.

LIFE INSURANCE COVERAGE

While employed, a DCRP member is covered by employer-paid life insurance, payable to designated beneficiaries in the amount of 1½ times the annual base salary on which DCRP contributions were based. This coverage is available without a medical examination to members under age 60. Newly enrolled members 60 years of age or older must undergo a medical examination to qualify.

DCRP members will continue to be insured for up to two years if on an approved leave of absence without pay for personal illness.

Note: The Internal Revenue Service (IRS) classifies all life insurance coverage over $50,000 as a fringe benefit subject to taxation. The amount of the life insurance coverage is not taxable, but the premium required to pay for the life insurance coverage is taxable. Members can elect to waive insurance coverage over $50,000 at any time. For more information on this topic, see the PERS Member Guidebook.

Upon retirement, life insurance under the DCRP reduces to 3/16 of the annual base salary on which DCRP contributions were based.

This life insurance coverage is available in retirement only to:

• Members age 60 or older if the member has completed 10 years of participation in the DCRP;
• Members of any age if the member has completed 25 years of participation in the DCRP.

The member also must have been an active employee in the 12 months immediately preceding the initial receipt of a retirement annuity payment.

Conversion

Other than the retired insurance benefit described above, life insurance coverage under the DCRP ceases 31 days after termination of employment. During the 31-day period following termination of employment, a member may convert existing group life insurance coverage (less any amount of coverage carried over into retirement) into an individual whole-life policy, without medical examination. For more information, see the Conversion of Group Life Insurance Fact Sheet.

LONG-TERM DISABILITY COVERAGE

A member is eligible for employer-paid long-term disability insurance coverage after one year of participation in the DCRP.

The member becomes eligible for the disability benefit after six consecutive months of total disability due to an occupational or non-occupational condition.
To be considered totally disabled due to sickness or accidental bodily injury, the member must be unable to perform any and every duty pertaining to his/her occupation. The member need not be confined to home, but must be under a doctor's regular care.

If a member is totally disabled, the member is eligible to receive a regular monthly income benefit up to 60 percent of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability. While disabled, the member's and the employer's mandatory contributions are automatically credited to the member's retirement account.

The monthly income benefit is offset by any other periodic benefit the member may be receiving, such as Workers' Compensation, short-term disability, or Social Security.

Eighteen months after the onset of long-term disability eligibility, the member must be unable to engage in any gainful occupation for which he/she is reasonably suited by education, training, or experience. Total disability is not considered to exist if the member is gainfully employed, incarcerated, or if the disability resulted from an act of war or was intentionally self-inflicted.

Long-term disability benefits will be paid as long as the member remains disabled or until the member attains age 70. Should the member begin receiving payments under the retirement annuity, these benefits terminate.

CONTACTING DCRP

For more information regarding the DCRP, please visit Prudential's DCRP website at: www.prudential.com/njdcrp or call toll-free 1-855-657-5267.

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