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DIVISION OF PENSIONS AND BENEFITS  
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September 28, 2009

**TO:** Certifying Officers  
**FROM:** Virginia Martucci, Chief of Operations,  
Division of Pensions and Benefits  
**SUBJECT: Terms and Conditions of Retirement**

The Division of Pensions and Benefits is implementing significant changes to retirement application procedures for members of the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Police and Firemen's Retirement System (PFRS), and State Police Retirement System (SPRS). This memorandum consists of two sections: Section I addresses the new Terms and Conditions of Retirement members must read and agree to when applying for retirement; Section II explains their origins.

### SECTION I – TERMS AND CONDITIONS OF RETIREMENT

- I understand that I must meet all of the eligibility requirements for retirement and **cannot submit an application more than one year before my retirement date.** (If eligible and applying for a Deferred Retirement, members may file more than one year in advance after you have terminated employment.)
- I understand that my employer will be notified that I have filed an application for retirement.
- I understand that if I cancel or change my retirement date and submit a new application with a later retirement date, it is my responsibility to notify my employer to ensure that any active health benefits are not canceled and that my employment remains uninterrupted.
- I understand that changing or canceling my retirement date **does not** guarantee continued employment with my employer.
- I understand that the beneficiary designation I am indicating on this retirement application supersedes all prior designations, even if my retirement is not yet effective or if I cancel my retirement. The Division of Pensions and Benefits will honor this as my most recent beneficiary designation on file, unless another beneficiary designation is made after the retirement application.

(For PERS and TPAF members)

- I understand that if I die prior to the retirement date indicated on my retirement application, any retirement benefits that may be payable to a beneficiary **cannot be paid until the retirement date selected.**

## **NEW PROVISIONS FOR EMPLOYEES APPLYING FOR RETIREMENT**

The Terms and Conditions of Retirement are compulsory. All members who apply for retirement must acknowledge and agree to the Terms and Conditions as part of the retirement application.

- Programming has been undertaken to include the Terms and Conditions as part of the online Retirement Application in the Member Benefits Online System (MBOS). When added, a member will not be allowed to proceed with the MBOS Retirement Application unless he or she agrees to the Terms and Conditions.
- Newly revised and printable *Application for Retirement Allowance* forms now include an “Acknowledgement of Terms and Conditions of Retirement” that the member must sign. The new applications are available for printing from the Division’s Web site, or by contacting the Division’s Office of Client Services at (609) 292-7524, or by e-mail to: [pensions.nj@treas.state.nj.us](mailto:pensions.nj@treas.state.nj.us)

We ask employers to assist in notifying their employees of these changes, and making the new *Application for Retirement Allowance* forms available to employees who intend to retire within the next 12 months.

### **Employers and employees should also note the following:**

- Members should be encouraged to apply for retirement using the online Retirement Applications in the Member Benefits Online System (MBOS) or the printable *Application for Retirement Allowance* forms that include the “Acknowledgement of Terms and Conditions of Retirement.”
- The Division will also continue to accept *Application for Retirement Allowance* forms that were created prior to the inclusion of the Terms and Conditions **until December 31, 2009**, however, those applications will be placed in a pending status while the member is contacted by the Division with instructions to return a signed “Acknowledgement of Terms and Conditions of Retirement.”
- **After January 1, 2010**, retirement application forms that do not include the printed “Acknowledgement of Terms and Conditions of Retirement” will not be accepted by the Division. Members will be contacted by the Division with instructions to re-apply using the new version of the application that includes the “Acknowledgement of Terms and Conditions of Retirement.”
- Similarly, retirement applications that are received where the “Acknowledgement of Terms and Conditions of Retirement” **is not signed** will not be accepted. The member will be contacted by the Division with instructions that a new application must be filed with the “Acknowledgement of Terms and Conditions of Retirement” signed.

## **SECTION II – ORIGINS OF THE TERMS AND CONDITIONS**

The Terms and Conditions of Retirement were adopted to address issues that arise during the retirement process. These issues affect the Division, participating employers, and retiring members to varying degrees and are briefly outlined in the following sections.

### **One Year Limit for Application**

For retirements other than Deferred Retirement\* the Division will no longer accept an application more than one year prior to the retirement date. While the Division encourages long-term retirement *planning*, the act of *applying for* and beginning retirement should be a timely and efficient process.

*\*Members with at least 10 years of service credit who terminate employment before attaining the service retirement age, will be permitted to apply for a Deferred Retirement more than 12 months prior to the retirement date.*

The one year application limit eliminates lengthy periods of time between the submission of a retirement application and the retirement date; establishing a time frame between application, salary reporting, and benefit processing that is more efficient and manageable for the employer, the member, and the Division.

### **Employer Notification**

The Terms and Conditions inform and remind the member that the employer is an important participant in the retirement process. Employer participation not only includes the required submission of the *Certification of Service and Final Salary*, but also extends to assistance with the transition of health benefit coverage to a retiree group plan or COBRA benefits; finalizing any vacation, sick, or other accrued leave time due to the employee; and coordinating with the employer's training of replacement staff or the transfer of job duties.

The Terms and Conditions make the member aware of the importance of contacting his or her employer if there is a change to the retirement date or the retirement is canceled. The sooner an employee coordinates any needed change to a retirement date with the employer, the less is the likelihood of employee payroll problems or a potential lapse in the employee's active group health benefit coverage. Under no circumstances can the Division of Pensions and Benefits guarantee continued employment if a member changes a retirement date or cancels a retirement application. Where there is a change to a retirement date or a retirement application is canceled, it is the member's responsibility to arrange any continuation or reinstatement of employment with the employer. Continued employment may be at the discretion of the employer provided that it is within the limits of existing contracts, labor agreements, and the rules and regulations governing public employment.

### **Beneficiary Designation**

The Terms and Conditions remind the employee that once the retirement application has been filed, the beneficiary or beneficiaries that he or she selects supersede any prior beneficiary designation on record.

In addition, the beneficiaries listed on the retirement application will remain in effect even if the retirement date is changed or the retirement is canceled\* — unless or until a new *Designation of Beneficiary* is submitted to, and accepted by, the Division of Pensions and Benefits.

*\*Certain exceptions apply in cases of divorce or the dissolution of a civil union or domestic partnership. For more information in these cases see Fact Sheet #42, Divorce, Dissolution of a Civil Union, and Retirement Benefits*

### **Death Prior to Retirement**

If a PERS or TPAF member dies after the date a retirement application is received by the Division of Pensions and Benefits, but prior to the retirement becoming “due and payable” the surviving beneficiary may elect to receive either the active death benefit **or** the retired survivor’s pension option — *provided that the member indicated a survivor option on the retirement application.*

**Note:** *A retirement is usually “due and payable” 30 days after the retirement date or 30 days after Board of Trustee approval, whichever is later.*

The Terms and Conditions remind the member that any retirement benefits payable to a beneficiary in this situation cannot be paid until the retirement date indicated on the retirement application.

**Note:** *This provision only applies to PERS and TPAF members. PFRS, SPRS, and JRS members have an automatic survivor benefit payable to a surviving spouse or eligible partner upon the death of the employee or retiree.*

### **ADDITIONAL INFORMATION**

If you have questions regarding any of the other information provided in this letter, contact the Division’s Office of Client Services at (609) 292-7524, or e-mail the Division at: [pensions.nj@treas.state.nj.us](mailto:pensions.nj@treas.state.nj.us)

**Note:** *Certifying Officers and Employer Representatives should press “2” when prompted to access the telephone queue, and then press “1” to be transferred to the “Employer Help” line for the fastest access to counselors experienced with employer related issues.*

Enclosure

Terms and Conditions of Retirement (sample)

State of New Jersey  
Department of the Treasury  
Division of Pensions and Benefits

**ACKNOWLEDGEMENT OF TERMS AND CONDITIONS OF RETIREMENT**

**You must agree to and accept the following terms and conditions when applying for retirement.**

- **I understand that I must meet all of the eligibility requirements for retirement and cannot submit an application more than *one year* before my retirement date.**

(If eligible and applying for a Deferred Retirement, you may file more than one year in advance after you have terminated employment.)

- **I understand that my employer will be notified that I have filed an application for retirement.**
- **I understand that if I cancel or change my retirement date and submit a new application with a later retirement date, it is my responsibility to notify my employer to ensure that any active health benefits are not canceled and that my employment remains uninterrupted.**
- **I understand that changing or canceling my retirement date *does not* guarantee continued employment with my employer.**
- **I understand that the beneficiary designation I am indicating on this retirement application supersedes all prior designations, even if my retirement is not yet effective or if I cancel my retirement. The Division of Pensions and Benefits will honor this as my most recent beneficiary designation on file, unless another beneficiary designation is made after the retirement application.**

**(PERS and TPAF members only)**

- **I understand that if I die prior to the retirement date indicated on my retirement application, any retirement benefits that may be payable to a beneficiary **cannot be paid until the retirement date selected.****

**MEMBER'S NAME** (PLEASE PRINT)

**MEMBERSHIP NUMBER**

\_\_\_\_\_  
**MEMBER'S SIGNATURE**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_, 20\_\_\_\_  
I have read and agree to the "Terms and Conditions of Retirement" and attest that the information provided on this application is true and correct.