

## **PFRS Membership Tiers**

The passage of Chapter 1, P.L. 2010, changed compensation and retirement criteria for PFRS members enrolled as of certain dates. These differences in PFRS membership — referred to as “membership tiers” — are defined as follows:

- **Membership Tier 1** — PFRS Members who were enrolled *on or before* May 21, 2010.
- **Membership Tier 2** — PFRS Members who were enrolled *after* May 21, 2010.
- **Membership Tier 3** — PFRS Members who were enrolled *after June 28, 2011*.

## **VESTING**

You are vested in the PFRS after you have attained 10 years of service credit. Being vested in the PFRS means that you are guaranteed\* the right to receive a retirement benefit when you reach age 55.

## **Types of Retirement**

There are several types of retirement for which you may qualify. The calculation of your retirement benefit is based on your Final Compensation.

### • **‘Final Compensation’** —

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

For a PFRS **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** (July-June) of membership preceding retirement that provides the largest possible benefit.

## **Service Retirement**

The eligibility requirements for a Service Retirement fall into two categories.

- If you are a member in service and age 55 or older you may retire without any required minimum years of service.
- If you have at least 20 years of service at retirement you may retire at any age provided

you were enrolled in the PFRS as of January 18, 2000. The annual benefit calculations for a Service Retirement are:

- If you have less than 20 years of service credit, you will receive 2 percent of your Final Compensation for each year of service.
- If you have at least 20 years but less than 25 years of service credit, you will receive 50 percent of your Final Compensation.

- If you are age 65 (mandatory retirement age) and have 20 or more years of service credit, you will receive 50 percent of your Final Compensation, plus three percent of your Final Compensation for each year of service over 20, up to 25 years, if enrolled in the PFRS as of January 18, 2000.
- If you have at least 30 years of service credit, you will receive 2 percent per year of your average Final Compensation for the first 30 years of service, plus an additional one percent of your average Final Compensation for each year of service credit over 30 years.

### **Special Retirement**

Available to members at any age, who have a minimum of 25 years of service credit in the PFRS.

The annual benefit calculation for a Special Retirement 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**

Available to members who have at least 10 years of service credit and are not yet 55 years of age when they terminate employment. The retirement would be effective on the first of the month after attaining age 55. The benefit calculation for a Deferred Retirement is equal to 2 percent of Final Compensation for each year of service.

\*\* If a member is removed from employment for cause on charges of misconduct or delinquency, the member will be **ineligible** for Deferred Retirement.

- **Life Insurance** — Your life insurance coverage will end 31 days after you terminate employment and will not be in effect until your Deferred Retirement becomes payable. If you die before your Deferred Retirement becomes effective, the last named beneficiary will receive a return of your pension contributions. There is no life insurance benefit under these circumstances. However, during the 31-day period after you terminate employment you may convert your group life insurance coverage to a private policy with Prudential Financial.

### **Ordinary Disability Retirement**

If you qualify with four or more years of New Jersey service credit and are approved for an Ordinary Disability Retirement, the annual benefit calculation is

equal to 40 percent of your Final Compensation or 1.5 percent of your Final Compensation for each year of service credit, whichever is higher.

### **Involuntary Ordinary Disability Retirement**

Your employer has the right to apply for an Involuntary Ordinary Disability Retirement on your behalf provided that you meet the qualifications for Ordinary Disability Retirement shown above.

### **Accidental Disability Retirement**

If you qualify and are approved for Accidental Disability Retirement, your annual retirement

allowance will be 2/3 of your salary at the time of the “traumatic event” or at the time of retirement, whichever is higher.

## **ACTIVE AND RETIRED DEATH BENEFITS**

Upon the death of an active or retired PFRS member, two benefits are payable:

- A **monthly survivor’s pension** paid to a specific family member (or return of contributions

to a beneficiary); and

- **Group life insurance** The monthly survivor’s pension to a family member is explained below.

**Payment of Pension to a Family Member** Upon the death of an employed or retired member, the spouse, civil union partner, eligible domestic partner, child(ren), or dependent parents of the member may be entitled to a monthly pension

**‘Final Compensation’** —

**Tier 1 member** enrolled *on or before* May 21, 2010, Final Compensation means the salary upon which pension contributions were based in the last 12 months of creditable service preceding your death as an active member.

**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 your death as an active member that provides the largest possible benefit.

If there is no surviving spouse/partner, the following benefit is payable to eligible children:

### **Active Members**

Upon your death as an active member your surviving spouse/partner is eligible to receive a pension benefit equal to 50 percent of your Final Compensation. If there is no surviving spouse/partner, the following benefit is payable to eligible children:

- 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.

If there is no surviving spouse/partner or children, a pension is paid to your eligible parents as follows:

- 40 percent of Final Compensation to two parents; or
- 25 percent of Final Compensation to one parent. If there is no surviving spouse/partner, children, or parents, the employee's contributions to the retirement system are paid to the named beneficiary. In the event that a specific beneficiary is not named, the funds will be paid to the member's estate.

### **Retired Members**

For PFRS members who retired January 1, 1968 and after, upon your death your surviving spouse/partner is eligible to receive a pension benefit equal to 50 percent of your Final Compensation, plus 15 percent of your Final Compensation for one eligible child or 25 percent of your Final Compensation for two or more eligible children.

### **ACCIDENTAL DEATH BENEFIT**

If you die as a result of an accident during the performance of your regular or assigned duties, and your death is not a result of willful negligence, your family may be entitled to an Accidental Death Benefit. A report of an accident must be filed with the retirement system within 60 days of the accident. An *Application for Accidental Death Benefits* must be

filed within five years of the date of death. In cases resulting in an Accidental Death Benefit,

your eligible surviving spouse, civil union partner, or eligible same-sex domestic partner is paid an annual pension of 70 percent of your Compensation. This benefit is a lifetime benefit to your surviving spouse or partner.

- **'Compensation'** — For all PFRS members Compensation means the salary upon which pension contributions were based in the 12 months immediately preceding your death or the accident which led to your death. If there is no eligible surviving spouse/partner, or if the surviving spouse/partner dies, a pension is paid to your eligible children (as defined on page 30) in these amounts:

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

If there is no eligible surviving spouse/partner or children, a pension will be paid to your eligible dependent parents in these amounts:

- 40 percent of Compensation to two eligible parents; or
- 25 percent of Compensation to one eligible parent.

If there is no surviving spouse, child, or parent, your pension contributions will be paid to your named beneficiary. In the event that a specific beneficiary is not named, the funds will be paid to the member's estate.

## **GROUP LIFE INSURANCE**

The group policy number for the PFRS is **G-14800**.

### **Coverage for Active Members**

If your death occurs in active service before retirement, your named beneficiary (or estate where there is no named beneficiary) receives a group life insurance benefit equal to  $3\frac{1}{2}$  times your Compensation. If you die during the first year of creditable service, the benefit is  $3\frac{1}{2}$  times your creditable base salary upon which pension contributions were paid.

### **Coverage for Retired Members**

If you die after retirement, your named beneficiary (or estate where there is no named beneficiary) receives a group life insurance benefit equal to  $\frac{1}{2}$  of your Compensation. However, if you retired on a Disability Retirement, the amount is equal to  $3\frac{1}{2}$  times your Compensation until age 55 when it is reduced to  $\frac{1}{2}$  of Compensation.