

Collective Negotiations Agreement

between the

County of Passaic

and

Patrolmen's Benevolent Association Local 286A, Superior Officers Association

representing Superior Officers in the Passaic County Sheriff's Office

for the period of

January 1, 2024 to December 31, 2028

Prepared by:

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ARTICLE I. WITNESSETH

WHEREAS, the County of Passaic (“County”) and Passaic County Sheriff Richard Berdnik (“Sheriff”) does recognize the Patrolmen’s Benevolent Association Local 286A, Superior Officers Association (“Union”) (collectively referred to as the “Parties”), as the exclusive representative for the purpose of collective negotiations with respect to wages, hours of work and other terms and conditions of employment for Sheriff’s Superior Officers exclusive in this Agreement, whose duties are supervisory.

NOW, THEREFORE, LET IT BE RESOLVED, that the County and Union mutually agree that the following shall represent the Collective Negotiations Agreement (“Agreement”) reached as a result of collective negotiations for the contract years, effective January 1, 2024 and shall remain in full force and effect until December 31, 2028 or until a successor Agreement is negotiated and executed, whichever shall last occur.

Effective October 25, 2016, the titles of Chief Sheriff’s Officer, Chief, Chief ID Officer, and Chief Warrant Officer will no longer be recognized in the Agreement. This will not affect the person(s) holding the titles as of October 25, 2016, only those holding these titles in the future.

All terms set forth in this Agreement shall remain in full force and effect and shall continue to be paid until a successor Agreement is negotiated and executed.

ARTICLE II. PREAMBLE

This Agreement has, for its purpose, the promotion of harmonious relations between the County Sheriff, and Union, the establishment of equitable and peaceful procedure for the resolution of differences, the establishment of rates of pay, hours of work and other conditions of employment satisfactory to both Parties, and the avoidance of interruption or interference with the efficient operation of the County and the Passaic County Sheriff’s Office (“Sheriff’s Office”), which is essential to the well-being of the citizens of the County.

ARTICLE III. GRIEVANCE PROCEDURE

A grievance shall be any difference of opinion, controversy, or dispute arising between the Parties, (Union, County and Sheriff) hereto relating to any matter of wages, hours, disciplinary action, and working conditions, or any dispute between the Parties involving interpretation or application of any provision of the Agreement.

The Parties mutually agree to the following grievance steps:

1. **Step One.** The employe shall present the grievance, in written form, to the employee’s immediate Shift Commander within ten (10) days of its occurrence. The Shift Commander shall then attempt to adjust the matter and shall respond in writing to the employee within ten (10) working days.
2. **Step Two.** If the grievance has not been settled, it shall be presented in writing by a Union Representative to the appropriate Division Head within ten (10) days after the Shift Commander’s response is received or due. The Division Head shall then respond in writing to the Union Representative within ten (10) working days.
3. **Step Three.** If the grievance still remains unsettled, it shall be presented in writing by the Union Representative to the Sheriff within ten (10) days after response of the Division Head is received

or due. The Sheriff or his designated representative shall respond verbally or in writing to the Union Representative within ten (10) working days.

4. **Step Four.** If the grievance is still unresolved within ten (10) days after written notice is received or due from the Sheriff, either party, the Union or County, may request binding arbitration of the grievance, pursuant to the Public Employment Relations Commission ("PERC") rules and regulations, N.J.A.C. 19:12-5.1, et seq. The cost of arbitration shall be borne equally by the County and Union.

ARTICLE IV. MANAGEMENT RIGHTS

The County and Sheriff retain the rights, in accordance with applicable laws and procedures to:

1. Direct employees;
2. Hire, promote, transfer, assign and retain employees in positions within the agency, as well as to suspend, demote, discharge, or take reasonable disciplinary action against employees;
3. Relieve employees from duties because of lack of work or other legitimate reasons;
4. Maintain the efficiency of the government operations entrusted to the County and Sheriff;
5. Determine the methods, means and personnel by which such operations are to be conducted;
6. Take whatever action may be necessary to carry out the mission of the agency in situations of emergency; and
7. Take disciplinary action when an employee fails to comply with reasonable management requests.

ARTICLE V. WORK WEEK/HOURS OF WORK

All employees of the Union shall be governed by the following work week and hours of work schedule:

1. **Five (5) and Two (2) Schedule.**

All employees assigned to Courthouse Operations, Administration and the Detective Bureau shall work a Five (5) and Two (2) schedule. The basic workweek shall consist of Monday through Friday from 8:15 AM to 4:15 PM, inclusive of a one (1) hour lunch period. The Sheriff shall have the ability to stagger shifts by 120 minutes and limit lunch periods of Courthouse personnel to thirty (30) minutes if he so chooses. The Sheriff specifically reserves the right to modify said schedule in emergent situations.

2. **Pitman Schedule.**

- a. All employees assigned to Patrol shall work the Pitman schedule. The Pitman schedule shall consist of a workweek, inclusive of weekends, consisting of two (2) consecutive days on, three (3) consecutive days off, two (2) consecutive days on, two (2) consecutive days off, three (3) consecutive days on, two (2) consecutive days off, two (2) consecutive days

on, three (3) consecutive days off, two (2) consecutive days on, two (2) consecutive days off, three (3) consecutive days on, and two (2) consecutive days off.

- i. Employees working this schedule shall work a continuous twelve (12) hour shift. Time worked as referenced in Article V. Work Week/Hours of Work. Section 2. Pitman Schedule, Subsection (a) shall constitute a “work cycle” which shall consist of twenty-eight (28) consecutive calendar days. During each work cycle, all employees shall work tours of duty which in the aggregate total one hundred and sixty-eight (168) hours.
- ii. All employees will work a steady, non-rotating scheduled twelve (12) hour tour for the twenty-eight (28) day cycle that shall consist of either a “day shift” or a “night shift” that will follow the rotation referenced in Article V. Work Week/Hours of Work. Section 2. Pitman Schedule, Subsection (a). During each twenty-eight (28) day work cycle, no matter if an employee is assigned to the day or the night shift, each employee shall receive two “weekends” off from work that shall consist of three (3) consecutive days off from work which will be a Friday, Saturday and Sunday.
- iii. The day tour will run from 7:00 AM to 7:00 PM, followed by the night tour which will run from 7:00 PM to 7:00 AM. A tour of duty shall be considered the same as a “work shift” or “workday” as the terms may be used interchangeably throughout this Agreement. In addition, the shifts shall be divided into four (4) squads (Squad A, Squad B, Squad C, and Squad D).
- iv. The work year in which an employee’s base annual salary is calculated shall consist of 2,080 hours. Each employee whose planned work schedule results in him or her working in excess of 2,080 hours shall receive compensatory time off at the rate of one (1) hour for one (1) hour for the time scheduled that is in excess of 2,080 hours. Due to the nature of the planned schedule, officers will be credited with the earned excess hours scheduled to work on January 1st of that year. This will be referred to as “Pitman Adjustment Time (PAT time).” The utilization of PAT time off from work must be pre-scheduled and used in the calendar year in which it was earned and may not be carried over unless specifically approved by the Sheriff.
- v. There shall be two (2) fifteen (15) minute comfort breaks and two (2) thirty (30) minute meal breaks for every twelve (12) hour workday. Employees may be recalled to duty during comfort breaks and/or meal breaks. All breaks shall be compensable and are part of the twelve (12) hour workday.
- vi. The Parties agree that the overtime rate shall not be affected due to the changes set forth in this Agreement. Overtime shall be paid for any time worked in excess of an employee’s normal workday and/or for any work on a scheduled day off, or as is otherwise required by law.
- vii. While at training an employee will be considered to be on “training work schedule” and work records shall reflect an eight (8) hour training day constitutes a 12-hour schedule workday. If the training falls on a scheduled day off and Shift Adjustment Off (SAO) is not utilized to move the training day, compensation will be paid at an hour for hour basis.

- viii. Effective and retroactive to January 1, 2022¹, for the purpose of vacation time, sick time and personal time, employees assigned to the Pitman Schedule will be granted a “day for a day” for a full day’s usage of vacation time, sick time or personal time. A “full day’s usage” of vacation time, sick time or personal time is defined as twelve (12) hours off from work. For bookkeeping purposes only, employee records will only reflect an eight (8) hour deduction (i.e., a 12-hour day off will only show up in the records as an eight (8) hour reduction). If vacation time, sick time or personal time is used in less than full day increments, it will be deducted on an hour for hour basis. This provision shall sunset on December 31, 2028, and thereafter vacation time, sick time and personal time shall be deducted on an hour for hour basis.

3. **Four (4) and Two (2) Schedule.**

The Four (4) and Two (2) schedule shall be a schedule available to the Sheriff to use with any units not assigned to the Pitman Schedule and the Five (5) and Two (2) Schedule. The Four (4) and Two (2) schedule shall consist of four (4) consecutive days on and two (2) consecutive days off and shall have basic working hours consisting of 7:00 AM to 3:00 PM, 3:00 PM to 11:00 PM and 11:00 PM to 7:00 AM with the ability to stagger shifts by 120 minutes. All four and two (4 & 2) employees shall be allowed one (1) thirty (30) minute lunch period at a time and in an area designated by the Supervisor.

4. As a condition of employment, employees must be available to work any and all shifts as needed to maintain the efficient operation of the Sheriff’s Office. When necessary, employees may be placed on staggering starts and finishes.
5. If an employee is more than thirty (30) minutes late in reporting without good cause, the Sheriff or his designee may send the employee home for the balance of the working day, in which event he/she shall not receive any pay for the day.
6. The Parties agree to meet for the purpose of considering alternative schedules. Such alternative schedules shall be implemented upon mutual agreement, evidenced in writing and signed by a representative(s) of each party.
7. Except in emergent situations, one (1) week advanced notice shall be given to an officer prior to any non-emergent shift change.

ARTICLE VI. OVERTIME PAYMENT

1. Time and one-half (1 ½) of the employee’s regular rate of pay shall be paid in fifteen (15) minute segments after such employee has worked ten (10) minutes beyond the employee’s normal eight (8) hour work shift or twelve (12) hour work shift for both, four and two (4 & 2) and five and two (5 & 2) employees, provided that such employee reported for work on time for his/her original shift, and further provided that said employee worked the full shift.

¹ Once this Agreement is ratified, Union Leadership, the County and the Sheriff shall meet to review employee time keeping records for vacation time, sick time and personal time and restore any time that was deducted “hour for hour” that may be owed to employees going back to January 1, 2022.

2. If an employee is scheduled to work on a day normally scheduled as his/her day off and has otherwise worked a regular schedule during the workweek (sick, personal, vacation and holiday time are considered part of the workweek), such employee shall be paid at the rate of time and one-half (1 ½) his/her base pay.
3. Whenever an employee is required to appear in Court for a job-related incident at a time other than his/her regular duty hours, he/she shall be paid time and one-half (1 ½) for the time spent in Court. The Court time minimum for calculation purposes shall be two (2) hours of overtime pay.
4. All officers recalled to duty shall be guaranteed a minimum of two (2) hours of overtime compensation.
5. In lieu of overtime compensation, any employee assigned to the K-9 Unit will be entitled to one (1) hour per day, during their shift, to care for his or her canine. The one (1) hour shall be the first thirty (30) minutes of the employee's shift and the last thirty (30) minutes of the employee's shift. The Union and the employees represented by the Union expressly acknowledge and agree that they shall not be entitled to any additional compensation, benefits, or overtime in connection with the care of their canine except for additional required K-9 training programs or clinics that have the prior written approval of the Sheriff or his designee.

ARTICLE VII. SALARIES & COMPENSATION

1. The salary schedule shall be modified at each step and rank by the following percentages on each effective date and retroactive to each effective date as applicable:
 - a. Effective January 1, 2024, the first step of the 2019-2023 Sergeant's salary guide shall be eliminated thereby modifying the 2024-2028 Sergeant's salary guide from three (3) steps to two (2) steps. All Sergeants currently on Step 1 of the 2019-2023 salary guide will be immediately transferred to Step 1 on the 2024-2028 salary guide and begin earning \$118,656. The time a Sergeant spent on Step 1 of the 2019-2023 salary guide shall be credited toward movement to Sergeant Step 2 on the 2024-2028 salary guide.
 - b. Effective January 1, 2024, the salary guide shall be modified as reflected in Schedule A and employees that are not on the top step of the salary guide for their rank shall receive an increment in accordance with the language reflected in Article 8. Increments & Longevity, Section 1, 2 and 3. Any and all "off-guide" employees shall receive a two percent (2%) cost of living adjustment in their salaries.²
 - c. Effective January 1, 2025, the salary guide shall be modified as reflected in Schedule A and employees that are not on the top step of the salary guide for their rank shall receive an increment in accordance with the language reflected in Article 8. Increments & Longevity, Section 1, 2 and 3. Any and all "off-guide" employees shall receive a two percent (2%) cost of living adjustment in their salaries.
 - d. Effective January 1, 2026, the salary guide shall be modified as reflected in Schedule A and employees that are not on the top step of the salary guide for their rank shall receive an increment in accordance with the language reflected in Article 8. Increments &

² An "off-guide" employee is one that is currently being paid a salary for his or her rank that is greater than the highest annual salary reflected in the attached salary guide.

Longevity, Section 1, 2 and 3. Any and all “off-guide” employees shall receive a two percent (2%) cost of living adjustment in their salaries.

- e. Effective January 1, 2027, the salary guide shall be modified as reflected in Schedule A and employees that are not on the top step of the salary guide for their rank shall receive an increment in accordance with the language reflected in Article 8. Increments & Longevity, Section 1, 2 and 3. Any and all “off-guide” employees shall receive a two percent (2%) cost of living adjustment in their salaries.
- f. Effective January 1, 2028, the salary guide shall be modified as reflected in Schedule A and employees that are not on the top step of the salary guide for their rank shall receive an increment in accordance with the language reflected in Article 8. Increments & Longevity, Section 1, 2 and 3. Any and all “off-guide” employees shall receive a two percent (2%) cost of living adjustment in their salaries.

Base annual wages for employees covered by this Agreement shall be set forth in Schedule A and annexed hereto.

- 2. Any Rank and File Union employee who is promoted shall suffer no decrease in base salary for accepting said promotion.

The employee shall either:

- a. Be placed at the next highest step on the new rank; or
 - b. For those at max/off-guide for the underlying rank, the employee shall receive a three percent (3%) increase of base salary, prorated for the year of said promotion.
- 3. Upon expiration of this Agreement, there shall be no movement on the steps/guide or cost of living adjustment, prior to the ratification of a successor agreement which will determine what, if any, amounts the membership is entitled to.
 - a. Upon expiration of this Agreement, the only provisions which will end are step movement and cost of living increases. All other conditions/provisions shall survive expiration of the Agreement.
 - 4. All E.M.T.'s will be paid an additional one thousand dollars (\$1,000.00) per year incorporated in the base salary. This additional one thousand dollars (\$1,000.00) will cease immediately if the employee fails re-certification. All costs in obtaining an initial EMT certification will be paid by the employee. However, an employee who seeks to obtain an EMT certification may, with the Sheriff's approval, receive their certification from the Passaic County Community College at the employer's expense.
 - 5. When an employee is promoted from his/her permanent title to an unclassified title and serves in that capacity for ten (10) or more years, the employee shall be considered grandfathered with regard to salary, terms, and conditions of employment. If the employee is returned to his/her original title after ten (10) years, the salary and all benefits shall also be grandfathered to that employee and shall be frozen until the original permanent title's salary increases to the employee's grandfathered salary in accordance with future wage adjustments to scales that may be negotiated in successive agreements. For example, in the event a Union member holding the rank of Undersheriff, Chief,

etc., for ten (10) or more years, is demoted back to his/her original title, his/her salary will not be reduced. The salary will be frozen until the original title's salary catches up.

ARTICLE VIII. INCREMENTS & LONGEVITY

During the term of this Agreement, increments to which the employees are entitled to shall be awarded as follows:

1. All employees whose anniversary date falls between January 1 and June 30 shall receive the increment to which they would have been entitled to on their anniversary date, retroactive to January 1 of the contract year.
2. All employees whose anniversary date falls between July 1 and December 31 shall receive the increment to which they would have been entitled to on their anniversary date, retroactive to July 1 of the contract year.
3. An employee's anniversary date shall be determined based upon the employee's initial date of promotion as a supervisor within their title, as defined by the Civil Service Commission.
4. Longevity pay shall be determined by length of employment as follows:
 - a. Two percent (2%) of base pay at the beginning of seven (7) years;
 - b. Four percent (4%) of base pay at the beginning of ten (10) years;
 - c. Six percent (6%) of base pay at the beginning of fifteen (15) years;
 - d. Eight percent (8%) of base pay at the beginning of twenty (20) years; and
 - e. Ten percent (10%) of base pay at the beginning of twenty-five (25) years.
5. Length of employment for all employees will be determined by length of service with the County.
6. All employees hired subsequent to January 1, 2017 shall be entitled to "senior officer pay" in lieu of longevity pursuant to the following schedule:
 - a. Twenty-five hundred dollars (\$2,500.00) added to the base pay of employees after fifteen (15) years of service;
 - b. Thirty-five hundred dollars (\$3,500.00) added to the base pay of employees after twenty (20) years of service; and
 - c. Five thousand dollars (\$5,000.00) added to the base pay of employees after twenty-four (24) years of service.

ARTICLE IX. NIGHT DIFFERENTIAL

1. Those employees hired prior to January 1, 2000, not assigned to a Pitman schedule working on shifts whose working hours fall between 3:00 PM and 7:00 AM shall receive, in addition to their regular pay, an additional ten (10%) percent of their base salary which shall be incorporated into their base pay. This ten percent (10%) night differential shall be divided equally into the number of pay periods in each year, and said amount, incorporated into the base salary, shall be paid each regular pay. Said amount shall also be paid to all employees working the second and third shifts when on vacation, personal, sick and holiday leave.
2. Employees assigned to the Pitman schedule will receive shift differential compensation as follows:

- a. Employees working the 7:00 AM – 7:00 PM shift shall be entitled to a three and one-half percent (3.5%) shift differential.
- b. Employees working the 7:00 PM – 7:00 AM shift shall be entitled to shift differential as referenced below:
 - i. Employees assigned to the Pitman Schedule, hired prior to January 1, 2000, and assigned to the 7:00 PM – 7:00 AM shift will be compensated with a ten percent (10%) shift differential.
 - ii. Employees assigned to the Pitman Schedule, hired on or after January 1, 2000, and before October 25, 2016, and assigned to the 7:00 PM – 7:00 AM shift will be compensated with a seven-and-one-half percent (7.5%) shift differential.
 - iii. Employees assigned to the Pitman Schedule, hired on or after October 25, 2016, and assigned to the 7:00 PM – 7:00 AM shift will be compensated with a five percent (5%) shift differential.
3. Up to an additional ten percent (10%) may also be paid to the employees who do not strictly fall into the above categories if their responsibilities sometimes call for odd hours, and if authorized by the Sheriff or his designee.
4. The night differential paid to employees hired after January 1, 2000, who are not assigned to a Pitman schedule, working the 11:00 PM and 7:00 AM shift will be five percent (5%).
5. The night differential paid to employees hired after October 25, 2016, who are not assigned to a Pitman schedule, working the 3:00 PM to 11:00 PM shift will be five percent (5%).

ARTICLE X. SEQUESTERED JURY SERVICE

1. Sequestered Jury Service.

A sequestered jury is one which is placed in the custody of an officer taken from the Courthouse to be fed and housed overnight. An officer assigned to duty with a sequestered jury shall be compensated, as follows:

- a. Except for the employee designated as nightman, provided the employee has been on duty during the regular workday, he/she shall be paid overtime at a rate of time and one-half (1 ½) only for all hours worked on sequestered jury duty beyond the regular workday.
- b. If the employee has not been on duty during the regular workday, service with the sequestered jury shall be considered his/her basic workday and the employee shall be paid in accordance with the established rate.
- c. The employee designated as nightman shall be paid overtime at the rate of time and one half (1 ½) for all hours worked beyond his/her established workday.

ARTICLE XI. VACATION, SICK, PERSONAL AND BEREAVEMENT LEAVES

1. **Vacation Leave.**

Provided vacation requests are submitted by January 15th each year, such requests will be granted on the basis of seniority of service within each Division (Patrol, Courthouse and any other units) of the Sheriff’s Office. If an employee requests time off on a holiday, and it is granted, no additional time off will be granted for being on vacation, etc. on a holiday.

For employees hired prior to October 25, 2016, vacation time shall be granted as follows:

Years of Service	Working Days Vacation Each Year
1 – 5 years	12 days vacation per year
6 – 10 years	15 days vacation per year
11 – 15 years	18 days vacation per year
16 – 20 years	20 days vacation per year
Over 20 years	22 days vacation per year

For employees hired after October 25, 2016, vacation time shall be granted as follows:

Years of Service	Working Days Vacation Each Year
1 – 8 years	12 days vacation per year
9 – 14 years	15 days vacation per year
15 – 19 years	18 days vacation per year
20+ years	20 days vacation per year

It shall be duly noted that at no time shall an officer have more than two (2) years’ vacation time accumulated without permission from the Division Head. An employee who becomes ill during vacation leave shall be charged sick time. The County may demand a doctor’s certification.

Effective and retroactive to January 1, 2022, for the purpose of vacation time, employees assigned to the Pitman schedule will be granted a “day for a day” for a full day’s usage of vacation time. A “full day’s usage” of vacation time is defined as twelve (12) hours off from work. For bookkeeping purposes only, employee records will only reflect an eight (8) hour deduction (i.e., a 12-hour day off will only show up in the records as an eight (8) hour reduction). If vacation time is used in less than full day increments, it will be deducted on an hour for hour basis. This provision shall sunset on December 31, 2028, and thereafter employees assigned to a Pitman schedule shall be credited with the same number of vacation hours as employees working an eight (8) hour schedule, and vacation time shall be deducted on an “hour for hour” basis.

2. **Sick Leave.**

- a. Every employee covered by this Agreement not assigned to a Pitman schedule shall earn payment for absence due to illness at a rate of fifteen (15) days per year, which shall accumulate at the rate of one and one quarter (1.25) days per month. Unused sick days shall be cumulative from year to year.

b. Pitman Sick Leave.

- i. Every employee covered by this Agreement and assigned to a Pitman schedule shall earn payment for absence due to illness at a rate of one hundred and twenty (120) hours per year, which shall accumulate at the rate of ten (10) hours per month. Unused sick days shall be cumulative from year to year.
 - ii. Effective and retroactive to January 1, 2022, for the purpose of sick time, employees assigned to the Pitman schedule will be granted a “day for a day” for a full day’s usage of sick time. A “full day’s usage” of sick time is defined as twelve (12) hours off from work. For bookkeeping purposes only, employee records will only reflect an eight (8) hour deduction (i.e., a 12-hour day off will only show up in the records as an eight (8) hour deduction). If sick time is used in less than full day increments, it will be deducted on an hour for hour basis. This provision shall sunset on December 31, 2028, and thereafter sick time shall be deducted on an hour for hour basis.
 - iii. The Department sick call policy/procedure will be followed by all employees with no exceptions.
- b. After an employee has used ten (10) or more sick days in any calendar year, the County shall have the right to demand that the employee furnish a doctor’s note to the effect that the employee was, in fact, ill.
- c. After the employee has used five (5) consecutive sick days, the County shall have the right to demand that the employee furnish a note from his/her doctor that the employee was, in fact, ill.

3. Personal Leave.

Every employee covered by this Agreement shall be allowed three (3) days personal leave with pay per year, provided that the Division Head is notified of such leave at least three (3) days in advance, except in emergency situations. Approval of such leave requests by the Division Head shall not be unreasonably withheld. Such leave shall not be cumulative from year to year. However, all unused personal days shall be paid to such employee at the end of the year, if the days were denied or may be carried over with the approval of the Sheriff.

Effective and retroactive to January 1, 2022, for the purpose of personal time, employees assigned to the Pitman schedule will be granted a “day for a day” for a full day’s usage of personal time. A “full day’s usage” of personal time is defined as twelve (12) hours off from work. For bookkeeping purposes only, employee records will only reflect an eight (8) hour deduction (i.e., a 12-hour day off will only show up in the records as an eight (8) hour reduction). If personal time is used in less than full day increments, it will be deducted on an hour for hour basis. This provision shall sunset on December 31, 2028, and thereafter personal time shall be deducted on an hour for hour basis.

Supervisor Holiday Compensation. Every supervisor assigned to the Pitman schedule shall be granted fifteen (15) compensatory days off in lieu of holiday pay. These days shall be credited at eight (8) hours, totaling one hundred twenty (120) hours that will be deposited in the employee’s compensatory time off bank.

4. **Bereavement Leave.**

Employees are entitled to three (3) consecutive calendar days leave of absence for the death of an employee's immediate relative.

Bereavement Leave shall not extend beyond three (3) consecutive calendar days immediately following the death or funeral of a family member unless approved by the County Administrator. "Immediate Relative" includes spouse, civil union partner, child, parent, stepchild, stepparent, sibling, grandparents, mother-in-law, father-in-law, daughter-in-law, son-in-law, grandchildren, niece, nephew, uncle, aunt, or any person related by blood or marriage residing in an employee's household. Employees are paid for all working days during Bereavement Leave. Employees may be asked for proof at the discretion of the Department of Human Resources or Administration. An additional day shall be given in the event of the employee's spouse or children's death.

5. **Sick Time Cash in Retirement Benefit.**

Upon retirement, all employees shall receive payment for accumulated sick time in the amount of fifty (50%) percent of the accumulated sick time with a maximum amount of fifteen thousand dollars (\$15,000.00).

ARTICLE XII. HOLIDAY COMPENSATION

1. The following days are recognized paid holidays:

New Year's Day	Columbus Day
Martin Luther King's Birthday	Election Day
President's Day	Veteran's Day
Good Friday	Thanksgiving Day
Memorial Day	Day After Thanksgiving
Juneteenth (third Friday in June)	½ Day for Christmas Eve
Independence Day	Christmas Day
Labor Day	½ Day for New Year's Eve

2. Those employees having a four and two (4 & 2) workweek shall be granted fifteen (15) compensatory days in lieu of holiday pay.
3. Those employees having a five and two (5 & 2) workweek as defined herein shall be compensated as follows:
- a. Recognized holidays that fall on a Saturday shall be celebrated on the preceding Friday; and
 - b. Recognized holidays that fall on a Sunday shall be celebrated on the succeeding Monday.
4. In the event that Article 12. Holiday Compensation, Section (3), Subsection (a) or (b) is countermanded by the Sheriff and/or order of the courts requiring the services of the employees, the affected employees shall be granted equal compensatory time off in recognition of the holiday.

ARTICLE XIII. LEGAL DEFENSE OF OFFICERS CRIMINAL/CIVIL ACTIONS

Indemnification and Representation Policy:

1. Covered Employees.

The County recognizes the value and importance of having its employees diligently and faithfully execute their respective duties for the benefit of the County and its residents. Therefore, to further the objectives of the County, and in accordance with applicable law, it is the policy of the County to indemnify and defend its officers and employees against legal action brought against them in connection with their official duties and responsibilities to the maximum extent provided by law, pursuant to the procedures as set forth in Article XIII. Legal Defense of Officers Criminal/Civil Actions.

2. Mandatory Indemnification.

a. Obligation to Indemnify.

The County recognizes that it may be required by law to indemnify and defend certain employees against criminal and civil actions brought against them in the course of their duties. In cases in which the County is required by law to provide such indemnification and defense, the following principles shall apply.

b. Procedures.

Any employee seeking indemnification and/or legal defense from the County under the terms of any constitutional provision, statute, regulation, or other applicable law requiring same shall promptly make a written request for legal representation to the Passaic County Counsel through her chain command. The written request shall include the following information: (1) the name of the officer seeking legal representation and indemnification; (2) the employee's current assignment; and (3) copies of any pleadings, complaints, subpoenas, or other legal documents or process issued to the employee requesting indemnification.

c. Investigation, Indemnification and Representation by the County, the Sheriff and/or the Board of County Commissioners of the County of Passaic.

Upon receiving a written request for indemnification and representation, County Counsel acting on behalf of the County, the Sheriff and/or the Board of County Commissioners of the County of Passaic ("Board") shall determine whether to (1) grant the request for indemnification and/or a defense in its entirety; (2) deny the request for indemnification and/or a defense in its entirety; or (3) grant or deny the request for indemnification and/or a defense in part and reserve the County's rights as to the balance of the request, to the extent appropriate. In circumstances where County Counsel has granted a defense and request for indemnification, same may be revoked if the employee refuses or otherwise conducts him or herself in a manner uncooperative in his or her own defense.

If the County, the Sheriff and/or the Board refuse to provide for the defense of an employee, the employee or former employee shall be entitled to indemnification if he or she establishes that the act or omission upon which the claim or judgment was based occurred within the scope of their employment as an employee of the County, and the County, the

Sheriff and/or the Board fail to establish that they acted or failed to act because of actual fraud, actual malice or willful misconduct.

If the employee establishes that he or she was entitled to a defense under the provisions of this Agreement or New Jersey law, the County, the Sheriff and/or the Board shall pay or reimburse the employee for any bona fide settlement agreements entered into by the employee, and shall pay or reimburse the employee for all costs of defending the action, including reasonable counsel fees and expenses, together with costs of appeal, if any.

Nothing in this Article requires the County, the Sheriff and/or the Board to pay for punitive or exemplary damages or damages resulting from the commission of a crime. The County, Sheriff, and/or Board may indemnify an employee for exemplary or punitive damages resulting from the employee's civil violation of State or Federal law if, in the opinion of County Counsel, the acts committed by the employee upon which the damages are based did not constitute actual fraud, actual malice, willful misconduct, or an intentional wrong.

A claim for reimbursement shall be filed by the employee within the time and in the manner provided for claims for damage or injury under the New Jersey Tort Claims Act, more specifically N.J.S.A. 59:8-1, et seq.

d. Choice of Counsel – Civil Matters.

In civil cases in which an employee is named as a defendant in actions for damages related to personal injury, property damage, or other civil actions, the County Counsel shall, upon determining that the case arises within the scope of the employee's employment, refer the matter to counsel selected by the Board. However, nothing in this Article shall be construed as limiting the discretion of the County Counsel to assign any case to attorney(s) employed by the County in the Office of the Passaic County Counsel when the County Counsel deems it appropriate. Regardless of counsel selected, the County shall have the sole discretion to settle, compromise or otherwise dispose of any claim for which it grants indemnity and/or a defense under this Article.

e. Conflict of Interest.

In civil cases in which both the County and the employee are named defendants, and in which it is determined that the matter arose within the scope of the official duties of the employee in the manner provided herein, and the County Counsel or the attorney assigned to defend the matter reasonably believes, pursuant to the Rules of Professional Conduct as adopted by the court in which the matter is pending, that an actual or potential conflict of interest exists which warrants that the County and the employee be represented by separate counsel, the following procedures shall apply. In all cases to which this subsection applies, the County Counsel shall: (1) advise the employee that a conflict or potential conflict exists; and (2) advise the employee that the County will provide a defense by approved counsel selected by the County in accordance with the County's procedures for assigning outside counsel. In all such cases, the County shall retain the sole discretion to settle, compromise or otherwise dispose of any claim for which it grants indemnity and/or a defense under this Article, including those in which counsel is assigned pursuant to this Section.

f. Choice of Counsel – Criminal Matters.

Employees seeking statutory indemnification and defense in criminal actions or proceedings directly arising from their official duties shall be entitled to representation by an attorney designated by the County Counsel, in accordance with the County's procedures for assigning outside counsel. Employees seeking indemnification in criminal actions shall retain the option of seeking counsel of their own choosing. However, nothing in this Article shall require the County to reimburse the employee for legal fees or expenses for representation retained outside of the procedures as set forth in this Article.

g. Reservation of Rights.

Nothing in Article 13. Legal Defense of Officers Criminal/Civil Actions shall be construed to impose any liability on the County for damages or attorney's fees incurred by an officer or employee in either of the following situations: (1) any criminal case in which the employee is found guilty of any wrongdoing; or (2) any criminal or civil case in which the employee is found to be acting outside the scope of his or her official duties for an unlawful purpose. In addition, nothing in this Article shall be construed to impose any direct liability on the County for punitive damages assessed against any employee.

3. Permissive Indemnification.

a. Policy in Favor of Indemnification.

Article XIII. Legal Defense of Officers Criminal/Civil Actions shall be applicable only to civil and criminal cases which arise directly from an employee's official duties. This Article shall not apply to any situation in which an employee is subpoenaed, or otherwise requested to appear before a federal or State grand jury.

b. Procedures.

Employees seeking permissive indemnification shall adhere to the procedures as set forth in this Article.

c. Choice of Counsel.

All provisions set forth in Article XIII. Legal Defense of Officers Criminal/Civil Actions shall apply when a request is made by an employee for permissive indemnification.

d. Reservation of Rights.

In accordance with N.J.S.A. 59:10-4, nothing in Article XIII. Legal Defense of Officers Criminal/Civil Actions shall be construed to impose any liability on the County for damages or attorney's fees in the following situations: (1) in any criminal case in which the employee is found guilty of any criminal charge; (2) in any criminal or civil case in which the employee is found to have acted outside the scope of his or her official duties, or for any unlawful purpose; or (3) in any criminal or civil case in which the County Counsel determines the employee seeking indemnification and/or defense committed acts and/or omissions constituting actual fraud, actual malice, willful misconduct, or an intentional wrong.

ARTICLE XIV. PAYMENT FOR EDUCATION/CONTINUING EDUCATION

1. The County represents that time off without penalty shall be granted to those employees enrolled in approved law enforcement related training courses, subject to the needs of the County.
2. Any employee who enrolls in and attends a course in Criminal Justice related studies at an accredited institution or college approved by the Middle State Association Colleges and Secondary Schools shall be paid fifty dollars (\$50.00) per credit, yearly.

All the aforementioned courses must be approved in advance by the Sheriff and shall be paid during the first quarter of the calendar year. In addition, those employees who have attained, or hereafter attain a college degree, shall receive an annual educational increment as follows:

Associate Degree	\$1,500.00
Bachelor's Degree	\$2,500.00
Graduate Degree	\$3,500.00

Only one degree is payable at a time.

ARTICLE XV. MEDICAL BENEFITS

1. **Medical.**

- a. All employees in the Union shall be subject to the contributions outlined in Chapter 78 of Public Law 2011.
- b. For the EPO Plan, co-pays for primary use physician office visits for participating providers shall be twenty dollars (\$20.00). The deductible for health insurance for participating providers shall be zero dollars (\$0.00) for single coverage and zero dollars (\$0.00) for family coverage. Out of pocket maximum contributions for participating providers shall be two thousand and five hundred dollars (\$2,500.00) for single coverage and five thousand dollars (\$5,000.00) for family coverage.
- c. For the POS Plan, co-pays for primary care physician office visits for participating providers shall be twenty dollars (\$20.00), and sixty percent (60%) after deductible for non-participating providers. The deductible for health insurance for participating providers shall be zero dollars (\$0.00) for single coverage and zero dollars (\$0.00) for family coverage. The deductible for non-participating providers shall be two thousand dollars (\$2,000.00) for single coverage and four thousand dollars (\$4,000.00) for family coverage. Out of pocket maximum contributions for participating providers shall be five thousand dollars (\$5,000.00) for single coverage and ten thousand dollars (\$10,000.00) for family coverage. Out of pocket maximums for non-participating providers shall be five thousand dollars (\$5,000.00) for single coverage and ten thousand dollars (\$10,000.00) for family coverage.
- d. **Prescriptions.**
 - i. *Prescription Refills.* Employees will be able to fill a thirty (30) day supply for long-term medications at any non-CVS pharmacy of their choice. For ninety (90) day-

supplies, medications must be filled at any CVS retail or CVS mail order pharmacy.

ii. *Three Tier Copays*. Employees co-pays for prescription benefits will be paid according to the following rates:

1. Tier One: Generic Drugs (\$5.00 Brand – Plan 1).

Prescription Type	Co-Pay
Retail generics	\$0.00
Retail preferred brands	\$5.00
Retail non-preferred brands	\$20.00
Mail generics	\$0.00
Mail preferred brands	\$5.00
Mail non-preferred brands	\$20.00
Preventive retail generics	\$0.00
Preventive retail preferred brands	\$5.00
Preventative retail non-preferred brands	\$20.00
Preventative mail generics	\$0.00
Preventative mail preferred brands	\$5.00
Preventative mail non-preferred brands	\$20.00
Specialty retail generics	\$0.00
Specialty retail preferred brands	\$5.00
Specialty retail non-preferred brands	\$20.00
Specialty mail generics	\$0.00
Specialty mail preferred brands	\$5.00
Specialty mail non-preferred brands	\$20.00

2. Tier Two: Preferred Brands (\$10.00 Brand – Plan 2).

Prescription Type	Co-Pay
Retail generics	\$0.00
Retail preferred brands	\$10.00
Retail non-preferred brands	\$25.00
Mail generics	\$0.00
Mail preferred brands	\$10.00
Mail non-preferred brands	\$25.00
Preventative retail generics	\$0.00
Preventative retail preferred brands	\$10.00
Preventative retail non-preferred brands	\$25.00
Preventative mail generics	\$0.00
Preventative mail preferred brands	\$10.00
Preventative mail non-preferred brands	\$25.00
Specialty retail generics	\$0.00
Specialty retail preferred brands	\$10.00
Specialty retail non-preferred brands	\$25.00
Specialty mail generics	\$0.00
Specialty mail preferred brands	\$10.00

Specialty mail non-preferred brands	\$25.00
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- iii. *Generic Prescriptions.* When a generic prescription is available, but the pharmacy dispenses the brand per the employee or physician’s request, the employee will pay the difference between the brand discount and the generic discount, in addition to the generic copayment.
- e. Upon retirement, the County will continue to provide and pay for the above programs. The County reserves the right to select the insurance carrier who shall provide such benefits, as long as the benefits are equivalent to or better than those provided by the policies in effect on the date of this Agreement.
- f. All employees shall no longer be allowed to enroll in the County’s Traditional Health Care Plan. All employees shall exit the Traditional Health Care Plan, effective February 12, 2020, which is the date the 2019 – 2023 Collective Negotiations Agreement was ratified.
- g. All employees hired after October 25, 2016 shall, upon retirement and twenty-five years of service to the County, only be entitled to enroll in the HBCBS Advantage EPO Design 4 Plan or an equivalent plan that may be offered.
- h. Effective October 25, 2016, all out of network charges will be paid at 180% of the rate established by the Center for Medicare Services (“CMS”) in 2017 and 150% of the rate established by CMS in 2018.
- i. Survivor’s Benefits. Surviving spouse and children coverage shall extend for nine (9) months after the date of death of the active employee. In the event that an employee is killed in the line of duty or dies from injuries sustained while discharging their duties, the County shall pay, without delay, the sum of ten thousand dollars (\$10,000.00) toward funeral expenses to the employee’s surviving family regardless of the amounts paid for such expenses from other resources.

2. **Dental Coverage.**

Dental coverage information for employees covered by this Agreement shall be set forth in Schedule B, annexed hereto.

3. **Disability Plan.**

The County shall provide a disability plan for each employee. At present, this is a self-funded plan using the State of New Jersey guidelines. As of January 1, 1997, these benefits are two thirds (2/3) of an employee’s pay per week. The maximum benefit is three hundred and fifty dollars (\$350.00) per week for a maximum period of twenty-six (26) weeks. There are no extensions. After twelve (12) weeks, the employee is responsible for paying the monthly premiums listed below:

	Single	Husband/Wife	Family	Parent/Child
Hospitalization	\$301.64	\$580.05	\$691.91	\$435.74
Prescription	\$32.25	\$74.54	\$74.54	\$39.27
Dental (Delta)	\$16.15	N/A	N/A	N/A

Dental (Horizon)	\$10.76	N/A	N/A	N/A
Life Insurance	\$2.04	N/A	N/A	N/A

4. **Work Incurred Injury.**

When an employee covered under this Agreement suffers a work-related injury or disability, the County shall continue such employee at a full pay during continuance of such employee's inability to work.

During this period of time, all temporary disability benefits accruing under the provisions of the New Jersey Workers' Compensation Act, N.J.S.A. 34:15-1, et seq. shall be paid to the County. Injury or illness incurred while the employee is attending a County sanctioned training program shall be considered in the line of duty.

5. **Life Insurance.**

The County will continue to provide and pay for life insurance policy for each employee in the minimum amount of ten thousand dollars (\$10,000.00). In the event the employee dies while employed by the County, said death benefit shall be increased to twelve thousand dollars (\$12,000.00), provided the employee has enough accumulated sick time such that paying for half (1/2) of it would raise it to twelve thousand dollars (\$12,000.00). If not, it will be paid proportionately.

If the County elects to purchase insurance as opposed to the self-insurance model, the County shall present the SOA with proof of coverage annually during the month that renewal of the policy is due. Should the County make the decision to change insurance carriers, it shall notify the SOA of its intent to do so and present the SOA with proof of coverage once the new policy is bound and secured. Under no circumstances shall the policy be secured with any insurance or indemnity company that does not hold a minimum of "A" rating.

ARTICLE XVI. MISCELLANEOUS

1. No change(s) to this Agreement shall occur without written agreement between the Parties.
2. Should any portion of this Agreement be held unlawful or unenforceable by any court of competent jurisdiction, such decision of the court shall only apply to that specific portion of the Agreement affected by such decision of the court, whereupon the Parties agree to immediately negotiate a substitute for the invalidated portion thereof.
3. Except as otherwise provided herein, all benefits which employees have heretofore enjoyed and are presently enjoying shall be maintained and continued by the County during the term of this Agreement. The personnel policies and regulations of the Sheriff's Office, established for all employees of all divisions, which have mutually agreed upon and are in effect, shall continue to be applicable to all officers except as otherwise provided herein.
4. The County agrees that it shall not discriminate against any officer during the term of this Agreement with respect to hours, wages, terms or conditions of employment, including loss of income, change of assignment or demotion, by reason of his/her membership in the Union and its affiliates participating in any activities, collective negotiations with the County, or institution of

any grievance, complaint, or proceeding under this Agreement or otherwise with respect to any terms and conditions of employment.

5. The County agrees to make available to the Union in response to reasonable request from time to time, all available information in the public domain.
6. The County, in its sole discretion, can change from a bi-weekly payroll to a bi-monthly payroll.
7. Effective October 25, 2016, the titles of Chief Sheriff's Officer, Chief, Chief ID Officer, and Chief Warrant Officer will no longer be titles in the Agreement. This provision does not apply to any person(s) holding the titles of Chief Sheriff's Officer, Chief, Chief ID Officer, and Chief Warrant Officer prior to October 25, 2016.
8. All employees hired after October 25, 2016 shall be entitled to health insurance upon retirement paid for by the County, so long as they are employed for twenty-five (25) years with the County in any capacity and must have at least twenty-five (25) years of credited service in a State approved retirement system.
9. Whenever any representative of the Union is scheduled to participate in negotiations, grievances, conventions, or any Union business during work hours, he/she shall suffer no loss of pay provided a written request is submitted for approval prior to the event.
10. Employee seniority shall be based upon length of continuous, permanent service in the Sheriff's Office. Elapsed time on leave without pay shall be deducted therefrom. All appropriate laws, rules and regulations shall apply.
11. The County agrees to deduct the Union's monthly membership dues from the pay of those employees who authorize such deductions in writing, pursuant to N.J.S.A. 52:14-15.9e. The amounts so deducted shall be remitted to the Union by the tenth (10th) day of the succeeding month after which deductions are made, together with a list of names of the employees from whom deductions are made.

12. **Retirement.**

All employees covered under this Agreement should apply three (3) to six (6) months prior to retirement at the Department of Human Resources. The employee must bring the following:

- Employee's Birth Certificate
- Birth Certificate of the employee's spouse
- Marriage Certificate
- Divorce papers, if applicable
- Birth Certificate of any child under the age of eighteen (18)

The retirement benefits are explained in the attached PFRS and PERS Pension Booklets. The County shall continue to provide and pay for medical/hospitalization and prescription coverage for all retired employees in the Union, as outlined in the attached Medical Coverage Booklet addendum.

It is noted, upon application for retirement, that the employee may not be out without a doctor's note for more than one hundred twenty (120) working days prior to retirement.

The County shall pay in full, all medical and prescription premiums, as provided in Article XV. Medical Benefits, for all members who retire with twenty-five (25) years of service or more. For those members who retire with less than twenty-five (25) years of service, the employee shall pay the following monthly amount to the County toward medical coverage premiums:

Monthly Medical & Prescription Coverage Premiums

For single coverage	\$45.66
For husband/wife	\$82.90
Family	\$102.86
Parent & child	\$68.82

All members who file for retirement during the term of this Agreement shall be fully vested with all the terms of this Agreement, including but not limited to wages, medical, prescription or any other terms or conditions listed herein. Said benefits and the retiree's entitlement thereto shall be unaffected by future changes to subsequent agreements. This provision shall survive the expiration of the Agreement.

13. **On Duty Status.**

While on any volunteer Sheriff's Emergency Response Team ("SERT") detail, including training, the employee is considered "on duty" for insurance, pension, etc. purposes, however, no payment of overtime, straight time, etc. is paid whatsoever.

SOA members who work SOA jobs are considered "on duty" for pension purposes, provided the money is paid through the County payroll.

14. The County will continue the practice that, where work projects are conducted on County roads and security is required for traffic control, etc., the primary entity in providing those services will be the Union. The Engineering Department will notify all contractors, when permits are issued, to contact the Union for their security needs. All monies paid to employees must be paid through the County payroll at a rate as may be mutually agreed upon, but not less than twenty-five dollars (\$25.00) per hour.
15. The Employer shall make available electronically a copy of the final Agreement through the Data Management System within thirty (30) days of the Agreement's execution.
16. To the extent practicable, separate locker room facilities shall be provided and maintained for male and female officers. However, the decision to provide and/or maintain separate locker room facilities shall be made in the sole discretion of the Sheriff and his designee.
17. To the extent that the County has the capability, the County shall provide a direct deposit option to the banking institution of the officer's choice.

18. **Uniforms.**

- a. Employees shall be responsible for all costs associated with the care, maintenance, alteration, repair, replacement, cleaning, dry cleaning and/or rental of his or her uniform. The Union and members of the Union further expressly acknowledge and agree that they

shall not be entitled to any additional compensation, benefits or overtime in connection with the care, maintenance, alteration, repair, replacement, cleaning, dry cleaning and/or rental of their uniform, including, but not limited to shirts, pants, jackets, hats, coats, buttons, badges, belts, holsters and other leather. However, if the Sheriff orders a uniform change, then the County shall pay for said change.

- b. The cost of repair/replacement of any/all damages to Class B uniforms worn by sworn officers occurring in the line of duty shall be reimbursed by the Sheriff's Office.
- c. In the event that a uniform becomes damaged and/or unserviceable in the performance of an officer's duty, the officer shall submit the following reports to his/her respective Tour Commander for approval through the chain of command for reimbursement.
 - i. A copy of the arrest or incident report describing the incident in which the uniform was rendered damaged or unserviceable.
 - ii. An additional report describing the damages to the uniform and request for reimbursement.
 - iii. An itemized invoice of the items repaired/replaced.
- d. Tour Commanders will review all reports to ensure that the request for reimbursement meets the criteria of line of duty damage.
- e. Tour Commanders will enter the approved request for reimbursement into e-requester using the officer's name as the vendor and attach the damage report and invoice to the request for final administrative approval.

ARTICLE XVII. CEREMONIAL ACTIVITIES

Whenever a sworn law enforcement officer, as defined by N.J.S.A. 43:15A-97, is killed in the line of duty in the State of New Jersey, the County agrees to send a minimum of two (2) uniformed supervisors (one (1) from Courthouse and one (1) from Patrol) to participate in funeral services for said deceased law enforcement officer, so long as the funeral services take place within the State of New Jersey, or, if outside the State of New Jersey, within a fifty (50) mile radius of the Passaic County Sheriff's Headquarters.

Subject to the availability of same, the County will permit one (1) County vehicle to be utilized by the members in the funeral service.

Officers participating in such funeral service shall not be entitled to any compensation during the time in which they are participating in said funeral service unless otherwise agreed to by the Sheriff's Office.

ARTICLE XVIII. DEPARTMENTAL INVESTIGATIONS

In an effort to ensure that departmental investigations are conducted in a manner which is conducive to good order and discipline, all such investigations will be conducted in compliance with the New Jersey Attorney General's guidelines and N.J.S.A. 40A:14-147.

ARTICLE XIX. NO WAIVER

Except as otherwise provided in this Agreement, the failure to enforce any provision of this Agreement shall not be deemed a waiver thereof.

This Agreement is not intended and shall not be construed as a waiver of any right or benefit to which the employees herein are entitled to by law.

ARTICLE XX. DETECTIVE SUPERVISOR STIPEND

1. All Detective Supervisors in the following Divisions: Internet Crimes Unit (ICU), Crime Scene Investigations (CSI), Bureau of Narcotics (BON), Warrants, Special Investigations Division (SID) and Criminal Investigations Division (CID) shall receive an annual pensionable stipend of five thousand five hundred dollars (\$5,500.00) payable in equal installments as part of the employee's regular paychecks.
2. For any employee that is assigned as a Detective for less than the full calendar year as a Supervisor in the Divisions specified in Article XX. Detective Supervisor Stipend, Section (1), above, the Detective Supervisor stipend shall be pro-rated.
3. If the Detective Supervisor receiving a stipend is transferred out of the positions identified in Article XX. Detective Supervisor Stipend, Section (1), above, the Detective Supervisor stipend will no longer be paid.

ARTICLE XXI. PERIOD OF AGREEMENT

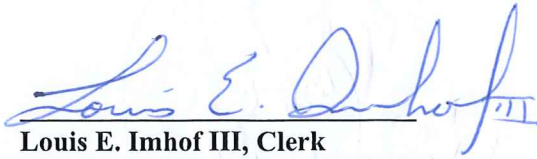
This Agreement shall become effective on January 1, 2024 and shall remain in full force and effect until December 31, 2028 or until a successor agreement is negotiated and executed, whichever shall last occur.

The Parties agree to commence negotiations twelve (12) months prior to the expiration of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be signed by their proper and duly considered officials, this 30 day of November 2023.

Attest:

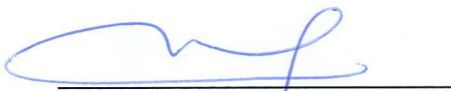
COUNTY OF PASSAIC



Louis E. Imhof III, Clerk
Board of County Commissioners


Pasquale Lepore, Director
Board of County Commissioners


PASSAIC COUNTY ADMINISTRATOR

PASSAIC COUNTY SHERIFF


Matthew P. Jordan, Esq.
Passaic County Administrator

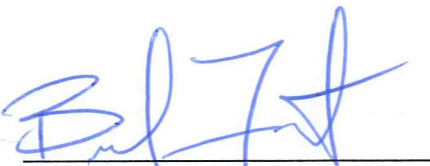

Richard H. Berdnik
Passaic County Sheriff


AS TO FORM AND LEGALITY:


Nadege D. Allwaters, Esq.
Passaic County Counsel

Attest:

PBA LOCAL 286(A) SOA


Brad Forestieri, Vice President
PBA Local 286(A) SOA


Jason Barbier, President
PBA Local 286(A) SOA

SCHEDULE A. BASE ANNUAL WAGES

Years	2024	2025	2026	2027	2028
Sgt 1	\$118,656	\$122,216	\$125,882	\$129,659	\$133,548
Sgt 2	\$128,177	\$132,023	\$135,983	\$140,063	\$144,265
Lt 1	\$134,593	\$138,631	\$142,790	\$147,073	\$151,486
Lt 2	\$141,322	\$145,562	\$149,929	\$154,426	\$159,059
Capt 1	\$145,805	\$150,179	\$154,685	\$159,325	\$164,105
Capt 2	\$153,095	\$157,688	\$162,418	\$167,291	\$172,310

SCHEDULE B. DENTAL BENEFITS



Horizon Blue Cross Blue Shield of New Jersey

Making Healthcare Work.

County of Passaic - 96682

Horizon Dental Plans		Dental Option Plan	HDC H
Annual Deductible		\$25 per person	None
Out-of-network		Yes	No
Annual Maximum		\$1,000	None
Ortho Maximum		N/A	See benefit booklet
COVERED SERVICES		OUT-OF-POCKET COSTS	OUT-OF-POCKET COSTS
Exams and Preventive Services Exams*	All exams Fluoride treatment (child) Sealant application Prophylaxis	50%	\$0
X-rays*	Panoramic Full-mouth X-rays	50%	\$0
Space maintainers	Space maintainers – fixed unilateral /bilateral	50%	\$0
Restorations and Repairs	Amalgam restorations Composite restorations (other than for molars)	50%	\$11 \$10-\$12
Endodontics	Pulp cap/Pulpotomy Root canal therapy – anterior, bicuspid	50%	\$12/\$30 \$125
	Root canal therapy molar Denture adjustments and repairs	50% 50%	\$200 \$20
Periodontics	Scaling and root planing Gingivectomy Soft tissue grafts Periodontal maintenance	50%	\$35 \$90 \$115 \$30
	Osseous surgery	50%	\$210
Oral Surgery	Routine extractions Soft tissue surgical extractions Incision and drainage of abscess	0%	\$11 \$45 \$15-\$20
	Surgical extractions - impacted	50%	\$60-\$65
COVERED SERVICES		OUT-OF-POCKET COSTS	OUT-OF-POCKET COSTS
Major Restoration	Crowns	50%	\$75-\$240
Dentures	Complete and partial dentures	50%	\$250-\$270
Fixed Bridges	Retainers and pontics	50%	\$230-\$240
Orthodontic Procedures (per optional rider)	Children only. Limited to one complete orthodontic treatment per lifetime	50%	See benefit booklet

Dental Vocabulary

Visits and Exams

Fluoride Treatment - a prescription strength fluoride product that helps strengthen the tooth surface and prevent cavities.

Sealant Application - a composite material used to seal the decay-prone pits, fissures and grooves of children's teeth to prevent tooth decay.

Space Maintainer - a dental appliance that fills the space of a lost tooth or teeth and prevents other teeth from moving into the space. Used especially in orthodontic and pediatric treatment.

Prophylaxis - the scaling and polishing procedure performed to remove calculus, plaque and stains from teeth.

Restorations and Repairs

Restoration - any material or device used to replace tooth structure lost because of decay or fracture.

Amalgam - an alloy used to restore teeth.

Composite Restoration - a tooth-colored material used to restore teeth.

Endodontics

Endodontics - the dental specialty that deals with injuries to or diseases of the pulp, or nerve, of the tooth.

Pulp Cap - procedure used by which pulp is covered with a dressing or cement.

Pulpotomy - to remove a portion of the tooth's pulp.

Root Canal Therapy - the process of treating disease or inflammation of the pulp or root canal. This involves removing the pulp and tooth's nerves and filling the canal(s) with an appropriate material for a permanent seal.

Anterior - refers to the teeth and tissues toward the front of the mouth.

Molar - the broad, multicusped back teeth used for grinding food.

Bicuspid - a two-cusped tooth found between the molar and the cuspid.

Periodontics

Periodontics - the dental specialty that deals with injuries or diseases of the gums and supporting tissues.

Scaling - a procedure used to remove plaque, calculus and stains from the teeth.

Root Planning - the process of scaling and planning root surfaces to remove all calculus, plaque and infected tissue.

Gingivectomy - the surgical removal of gingival (gum) tissue.

Osseous Surgery - surgery performed to correct damage to gingival (gum) tissue and supporting structures as a result of periodontal disease.

Oral Surgery

Surgical Extractions - extraction of an unerupted tooth by making a surgical incision.

Incision and Drainage of Abscess - making an incision so the trapped liquids in the infected tissue can escape.

Major Restoration

Crowns - the portion of the tooth that is covered by enamel. Also a dental restoration that covers the area of the tooth and restores it to its original shape.

Dentures

Complete Dentures - a dental prosthesis that replaces all the natural teeth of a single dental arch.

Partial Dentures - a dental prosthesis that replaces one or more, but less than all, of the natural teeth and associated structures in an arch.

Fixed Bridges

Retainers - the part of a fixed bridge that attaches a false tooth to a natural tooth or implant.

Pontics - an artificial tooth used in a fixed bridge to replace a missing tooth.

SCHEDULE C. PFRS

Supplementing Your Pension

OVERVIEW

In addition to your regular pension contributions, there are other opportunities to supplement your retirement income and possibly set aside money on a tax-deferred basis.

New Jersey State Employees

Deferred Compensation Plan (NJSEDCP)

If you are an employee of the State, you may be eligible for the NJSEDCP (IRC Section 457). Contributions to the plan are not subject to federal income tax until you take a distribution from the plan, either at retirement or termination before retirement. The main benefits of the plan are to help you save on federal income tax now and to supplement your retirement income through investments.

For plan and investment information, visit the NJSEDCP website at: <https://newjersey.retirepru.com/> or call 1-866-NJSEDCP (1-866-657-3327). Other information about the plan is available by writing to: New Jersey Division of Pensions & Benefits, New Jersey State Employees Deferred Compensation Plan, P.O. Box 295, Trenton, NJ 08625-0295.

Local Deferred Compensation Plans

PFRS members employed by a municipality, county, or county college may also be eligible to contribute to other employer-sponsored deferred compensation plans. Contact your employer to see what plans are available to you.

Supplemental Annuity Collective Trust (SACT)

The SACT is a voluntary investment program that provides retirement income separate from, and in addition to, your basic pension plan. Your contributions are invested conservatively in the stock market. The program consists of two separate plans:

- The SACT Regular Plan is available to all actively contributing members of a New Jersey State-administered retirement system. Contributions to this plan are made after deductions for federal income tax.
 - The SACT Tax-Sheltered Plan (IRC Section 403(b)) is available to actively contributing members of public educational institutions. Contributions to this plan are made before deductions for federal income tax.
- NJDPB. Additional information about DCRP enrollment, contribution rates, plan benefits, and waivers can be found in the *DCRP for PERS, TPAF, PFRS, and SPRS Members* Fact Sheet, which is available on the NJDPB website.

SACT brochures and enrollment packets are available on the NJDPB website.

You can also contact the SACT office by calling (609) 292-7524 or by writing to: New Jersey Division of Pensions & Benefits, Supplemental Annuity Collective Trust, P.O. Box 295, Trenton, NJ 08625-0295.

Defined Contribution Retirement Program (DCRP)

The DCRP was established under the provisions of N.J.S.A. 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include employees enrolled after May 21, 2010, in membership Tier 2 or Tier 3 of the PFRS who earn salary in excess of established maximum compensation limits.

The DCRP is administered for the NJDPB by Empower. Empower provides DCRP information, including investment and distribution options, on the DCRP website: <https://newjersey.retirepru.com/>

Employers and members can contact Empower via their toll-free telephone number: 1-866-653-2771. In certain circumstances, an eligible employee can voluntarily waive participation in the DCRP by submitting a *DCRP Waiver of Retirement Program Participation* form to the

Retirements

OVERVIEW

Mandatory Retirement

Retirement for PFRS members is mandatory at age 65. If you do not file a retirement application before age 65, you are automatically retired on the first of the month following your 65th birthday. Retirement benefits, however, are not payable until you file the application through MBOS. It is the member's responsibility to apply for retirement and ensure that all required documents are received by the NJDPB within 90 days.

Exceptions: 1) Elected officials are exempt from mandatory retirement from their elected position. 2) Current police and fire chiefs who attain age 65 before April 30, 2024, may remain active members of the PFRS until the end of the calendar year in which they turn 67 under the provisions of P.L. 2022, c. 9 (Chapter 9), provided the appointing authority approves, in writing, the retention and continued service of the member as the chief after the age of 65.

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, and on or before June 28, 2011, or a PFRS Tier 3 member enrolled after June 28, 2011, Final Compensation means the average salary upon which pension contributions were based for the last three years of

Service Retirement

Type 1 Eligibility	Age 55 or older.
Benefit Formula	Years of Service x 2% x Final Compensation* = Annual Maximum Pension.
Type 2 Eligibility	Up to 30 years plus 1% for each year over 30 years. 20 or more years of service (but less than 25 years of service) if enrolled in the PFRS before April 19, 2021 (see Note for specific details).
Benefit Formula	50% x Final Compensation = Annual Maximum Pension.
Type 3 Eligibility	Mandatory Retirement at 65, with 20 or more years of service but less than 25 years of service.**
Benefit Formula	50% x Final Compensation,* plus 3% x Final Compensation* for each year of service over 20, up to 25 years = Annual Maximum Pension.
Type 4 Eligibility	40 or more years of service credit.
Benefit Formula	70% x Final Compensation,* plus an additional 1% x Final Compensation* for each year of service credit over 40 years = Annual Maximum Pension.

*Final Compensation is defined differently for Tier 1 members versus Tier 2 and Tier 3 members.
**Mandatory retirement at age 65, with exceptions. See the "Mandatory Retirement" section.

Special Retirement

Eligibility	Any age with 25 or more years of service credit in the PFRS.
Benefit Formula Tier 1 and Tier 2	65% x Final Compensation* plus 1% per year over 25 years (up to 30 years) = Annual Maximum Pension. Maximum Benefit = 70% of Final Compensation.
Benefit Formula Tier 3	60% x Final Compensation* plus 1% per year over 25 years (up to 30 years) = Annual Maximum Pension. Maximum Benefit = 65% of Final Compensation.

*Final Compensation is defined differently for Tier 1 members versus Tier 2 and Tier 3 members.

service or any three fiscal years of membership preceding retirement that provides the largest possible benefit.

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 annual benefit

for a Deferred Retirement is equal to two percent of Final Compensation for each year of service.

You may apply for a Deferred Retirement when you terminate covered employment or at any time prior to age 55. Under no circumstances can a retirement become effective prior to the date the application is received by the NJDPB.

Note: P.L. 2023, c. 92 (Chapter 92) extends PFRS Service Retirement eligibility at 20 years of service, regardless of age, for those enrolled in the PFRS and who were still a member of the PFRS before April 19, 2021, the effective date of P.L. 2021, c. 52 (Chapter 52), and who retire no later than the first day of the 61st month following the effective date of Chapter 52 (May 1, 2026).

Police and Firemen's Retirement System

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

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

Please note the following important information about your life insurance, health care coverage, loans, and purchase arrears if you are considering a 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. For more information see the "Conversion of Group Life Insurance" section.

- **Health Benefits** — PFRS members who are electing Deferred Retirement and are covered under the State Health Benefits Program (SHBP) cannot transfer their active health care coverage to the retired group of the SHBP. However, those electing Deferred Retirement may be eligible for continuation of SHBP coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) legislation for up to 18 months if they were covered by the SHBP just prior to terminating employment. If the actual retirement commences while the 18 months of COBRA coverage is in effect, the retiree may then transfer from the

COBRA coverage and continue the SHBP coverage into retirement. If the 18 months of COBRA coverage ends before the retirement commences, the member will not be entitled to maintain health coverage through the SHBP. Participants should contact their employer to see if they qualify for COBRA continuation.

- **Loans** — If you terminate employment, failure to repay a pension loan as scheduled may result in the unpaid loan balance being declared a taxable distribution that will be reported to the IRS. See the "Internal Revenue Service (IRS) Requirements" section.

- **Purchase Arrears** — If you have not made installment payments for the purchase of additional service credit for two years, your purchase will be canceled. You will receive pro rata credit for the service purchased to the date that the installment payments ceased. See the "Applying to Purchase Service Credit" section for more information.

Ordinary Disability Retirement

To qualify for an Ordinary Disability Retirement you must:

- Be a member in service at the time the application is filed with the NJDPB. Member in service means that the member or employer was making pension contributions to the retirement system at the time of filing a *Retirement Application*. It may also mean that the member was on an approved leave of absence, paid or unpaid, or suspension, paid or unpaid, at the time of filing the application. If the member had pending litigation for wrongful termination filed against the employer, the member has 30 days from the date the litigation is resolved to file for Disability Retirement in order to be considered a member in service.

- Have four or more years of New Jersey service credit (Out-of-State, Military, and U.S. Government Service purchases cannot be used to attain the four years);

- Be considered totally and permanently disabled. You must prove that you are physically or mentally incapacitated from performing your normal or assigned job duties or any other position your employer may assign;

- Be disabled at the time you separated from service as a result of the alleged disability that renders you totally disabled; and

- Submit all medical reports or corroborating evidence on file that supports your disability within six months or your application will be canceled and you must refile.

Note: If the medical documentation supplied by you is not sufficient to support your claim of disability, the NJDPB may also require you to be examined by physicians selected by the retirement system. The examination will be scheduled at no cost to you by the NJDPB. All medical information is confidential and only for use by the PFRSNJ Board of Trustees in evaluating your application.

If you 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.

The application process begins by filing a *Retirement Application* with the NJDPB through MBOS. The application review process requires information from your physicians and a release of health information related to your disability. The process also requires corroboration of your condition by at least two medical sources. The more complete the application and supporting information, the faster it can be evaluated, although the process may take six months or more.

It is the applicant's responsibility to arrange for all physicians' statements, hospital records, and other health information to be sent to the NJDPB.

Once the Board of Trustees approves a member for a Disability Retirement, the member's retirement application cannot be withdrawn, canceled, or amended.

Approval for Workers' Compensation or Social Security disability benefits has no bearing on your application for an Ordinary Disability Retirement. However, if you are approved for Ordinary Disability Retirement benefits and receive a Workers' Compensation award, your Workers' Compensation award may be reduced by the amount of your Ordinary Disability Retirement benefit. If you have any questions concerning this issue, please contact the Division of Workers' Compensation at (609) 292-2515 or send an email to: dwc@dol.nj.gov

Special Disability Retirement

To qualify for a Special Disability Retirement you must:

- Be a member in service at the time the application is filed with the NJDPB (an official leave of absence is considered in service);
- Be under 55 years of age;
- Have five or more years of New Jersey service credit; and
- Receive a heart transplant.

The annual benefit calculation for a Special Disability Retirement is equal to 50 percent of Final Compensation.

Accidental Disability Retirement

To qualify for an Accidental Disability Retirement you must:

- Be a member in service at the time the application is filed with the NJDPB. Member in service

means that the member or employer was making pension contributions to the retirement system at the time of filing an application for Disability Retirement. It may also mean that the member was on an approved leave of absence, paid or unpaid, or suspension, paid or unpaid, at the time of filing the application. If the member had pending litigation for wrongful termination filed against the employer, the member has 30 days from the date the litigation is resolved to file for Disability Retirement in order to be considered a member in service.

- Be considered totally and permanently disabled. You must prove that you are physically or mentally incapacitated from performing your normal or assigned job duties or any other position your employer may assign as a "direct result of a traumatic event" (definition to follow);

- Be an active member of the PFRS on the date of the traumatic event;

- File an application for Disability Retirement within five years of the date of the traumatic event;

- Be disabled at the time you separated from service as a result of the alleged disability that renders you totally disabled;

- Submit any and all accident reports, witness reports, and corroborating evidence on file for any and all accidents for which you are filing within six months; and

- Be examined by physicians selected by the retirement system. The examination will be scheduled at no cost to you by the NJDPB. All medical information is kept confidential and used only by the PFRSNJ Board of Trustees in reviewing your claim.

If you are approved for Accidental Disability Retirement, your annual retirement allowance will be 2/3 of

your annual compensation for which contributions were being made at the time of the traumatic event or at the time of retirement, whichever provides the largest possible benefit.

"Direct Result of a Traumatic Event" has been defined by the courts as an occurrence that:

- Is identifiable as to time and place;
- Is undesigned and unexpected;
- Is caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work);
- Occurred during and as a result of the member's regular or assigned duties;
- Was not the result of the member's willful negligence; and

- Results in the member's permanent and total incapacitation from performing his or her usual or any other duty.

Note: When there is an issue of mental incapacity, the member must also establish that the event that forms the basis for an Accidental Disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person."

The application process begins by filing a *Retirement Application* with the NJDPB through MBOS. You may file for only one type of Disability Retirement, either Accidental or Ordinary Disability. The application review process requires information from your physicians, information from your employer with questions regarding

the traumatic event, and a release of health information related to your disability. The more complete the application and supporting information, the faster it can be evaluated, although the process may take six months or more.

It is the applicant's responsibility to arrange for all physicians' statements and hospital records to be sent to the NJDPB.

Once the Board of Trustees approves a member for a Disability Retirement, the member's retirement application cannot be withdrawn, canceled, or amended.

Approval for Workers' Compensation or Social Security Disability benefits has no bearing on your application for Accidental Disability Retirement. However, if you receive periodic Workers' Compensation benefits while receiving an Accidental Disability Retirement, the pension portion of your retirement allowance will be reduced dollar for dollar by the amount of the periodic benefits.

If you apply for Accidental Disability Retirement and are found by the Board of Trustees to be totally and permanently disabled but not as a result of a traumatic event, you may be approved for an Ordinary Disability Retirement if you have the required service credit. See the "Ordinary Disability Retirement" section.

Accidental Disability for World Trade Center Responders

P.L. 2019, c. 157 (Chapter 157), the Bill Ricci World Trade Center Rescue, Recovery, and Cleanup Operations Act, permits current PFRS members to file for an Accidental Disability Retirement benefit if the member is or is to become totally and permanently disabled due to participation in the rescue, recovery, or cleanup operations at the World Trade Center.

For more information, please refer to the *Accidental Disability Retirement Under Chapter 157* Fact Sheet.

Involuntary Disability Retirement

Your employer has the right to apply for an Involuntary Disability Retirement on your behalf provided that you meet the qualifications for a Disability Retirement previously described.

- If you are required to retire upon application by the employer and have at least four years of New Jersey service, but less than 20 years, you will receive an Ordinary Disability retirement allowance of 40 percent of Final Compensation, or 1.5 percent of Final Compensation for each year of service, whichever is higher.
- If you are required to retire upon application by the employer and have 20 or more years of service, you will receive an allowance equal to 50 percent of Final Compensation plus an additional three percent of Final Compensation for every year of service over 20 up to a maximum of 25 years.
- If you meet the qualifications for an Accidental Disability Retirement and are required to retire upon application by the employer, you will receive an Accidental Disability Retirement allowance of 2/3 of your annual compensation for which contributions were being made at the time of the traumatic event or at the time of retirement, whichever provides the largest possible benefit.

In addition to the retirement application, State employers must provide a letter from the Department's highest ranking authority and local employers must provide a copy of a resolution adopted by the governing body. The letter/resolution must indicate the intent to involuntarily retire the employee and state that, in the employing authority's opinion, the employee is totally and permanently disabled from fulfilling his or her job duties. Employers should also include any pertinent medical records.

Note: The member cannot change the date of retirement under an Involuntary Disability Retirement.

THE RETIREMENT PROCESS

The time frames in this section serve as a guide to help you understand the retirement process. Actual processing times, however, may vary and cannot begin until the NJDPB receives all the necessary information and forms from both you and your employer.

6-8 Months Before Retirement

When planning for a successful retirement, it is important to give yourself enough time to review your benefits. You should inquire about retirement at least six months before your retirement date.

Retirement Estimates — Members within two years of retirement can:

- Obtain an *Estimate of Retirement Benefits* using MIBOS. This provides you with a printable estimate of the retirement allowances available and the amount of your group life insurance benefits. Using the retirement estimate calculator on MIBOS allows you to obtain and compare estimates for different retirement dates.
- Hear an estimate of retirement benefits over the phone by calling the NJDPB Automated Information System at (609) 292-7524.

Your employer is not notified if you request a retirement estimate.

For long term retirement planning, the NJDPB also provides an online retirement estimate calculator that uses service and salary information that you provide. This calculator is available on our website.

4-6 Months Before Retirement

Retirement Applications — It is your responsibility to file a retirement application with the NJDPB. All retirement applications must be submitted online using MIBOS. MIBOS provides fast, efficient processing of your retirement application.

All retirements are effective on the first of a month. You can submit your retirement application no more than one year before your retirement date — and as late as the last business day prior to your retirement date — but four to six months advance filing is recommended. Under no circumstances can a retirement become effective prior to the date the application is received by the NJDPB.

- If you have not furnished proof of your age to the NJDPB, you must do so when applying for retirement (see the "Proof of Age" section for acceptable proofs of age). If any proof of age documents are given under a maiden name, please identify them as such. Send photocopies of any proof of age documents, as we cannot guarantee that original documents will be returned. Please also be sure to write your pension membership number or last four digits of your Social Security number on all documentation that you submit. Your retirement application will not be processed until the NJDPB receives copies of birth date evidence.

- Ask your employer to submit a *Certification of Service and Final Salary* to the NJDPB. Your employer will also receive an email from the NJDPB requesting this certification.

- It is the applicant's responsibility to ensure that all required forms — except for the employer certification — are submitted to the NJDPB within 90 days of the NJDPB's receipt of your retirement application. Otherwise, the retirement application will be canceled and you will need to submit another application for a future retirement date.

When your application is submitted to the NJDPB, you will receive an email confirmation of its receipt. You will also be sent a letter acknowledging receipt of your retirement application.

Life Insurance — The amount of your life insurance coverage through the PFRS decreases at retirement or terminates if you have less than 10 years of service credit. You may convert the dollar difference between the group coverage you had before retirement and the group coverage you will have after retirement to a non-group life insurance policy.

To protect your conversion privilege it is suggested that you apply for conversion of your insurance at the time you file your retirement application with the NJDPB. However, you cannot file to convert your life insurance any earlier than six months prior to your retirement date. See the "Conversion of Group Life Insurance" section and the *Conversion of Group Life Insurance* Fact Sheet for details.

Other Retirement Plans — If you participate in the following other retirement savings plans, you must inform them separately of your plans to retire:

- Contact the NJSEDCP at 1-866-NJSEDCP.
- Contact SACT at (609) 292-7524.
- Contact the DCRP at 1-866-653-2771.

Approximately 3 Months Before Retirement

Health Benefits Coverage at Retirement — To see if you qualify for retired coverage under the SHBP, see the *Summary Program Description* and the *Health Benefits Coverage — Enrolling as a Retiree* Fact Sheet. If you do not qualify for retired SHBP coverage, see your employer to explore other options that may be available for continuing your health coverage.

Approximately 1 Month Before Retirement

Board Approval — Your retirement will be presented to the PFRSNJ Board of Trustees for approval.

- Once approved, you will receive a letter from the Board of Trustees. You have 30 days from the Board approval date or your effective retirement date (whichever is later) to request a change to your retirement date. If you wish to make a change after Board approval, your new selection must again be approved by the Board of Trustees. This may delay your first retirement check.

- You may choose to cancel your retirement within 30 days of your retirement date or Board approval date (whichever is later). The request to cancel your retirement or change your retirement date must be made via MBOS. However, if your retirement has been board approved and/or you have been assigned a retirement number, MBOS will not be able to process your request to cancel or change your retirement date. In these cases, you should immediately contact the NJDPB in writing or by email at: pensions.nj@treas.nj.gov

Note: Members who are approved for Disability Retirement cannot cancel their retirement or change their date of retirement.

Approximately 2-4 Weeks Before Retirement

You will receive a *Quotation of Retirement Benefits* letter which shows your monthly retirement allowance, along with:

- Any benefits payable to an eligible survivor;
- A quote of any outstanding loan balance with repayment options; and
- A notice of any unsatisfied balance on your account (see the "Unsatisfied Balances" section).

Police and Firemen's Retirement System

Unsatisfied Balances

Loans — If you retire with an outstanding loan balance, you may:

- Pay the loan in full prior to receiving any retirement benefits; or
- Repay the loan deductions from your retirement allowance until the balance of the loan plus interest is repaid. The monthly loan payment will be calculated to have the loan plus interest satisfied by your five-year end date.

Purchase Arrears — When you apply for a purchase of service credit, the NJDPB assumes that the obligation will be paid before your retirement. Therefore, your account is credited with the full amount of service you have agreed to purchase. If this obligation has not been fully paid when you retire, your *Quotation of Retirement Benefits* will state the balance of your arrears (purchase) as of your retirement date. At that time, you must pay the balance of your arrears.

If you do not pay off the balance, the service credit which has not been paid for will be subtracted from your total years and months of service. This will reduce the amount of your retirement allowance and may even affect your eligibility to retire. Contact the NJDPB as soon as possible to advise whether or not you wish to pay off the arrears balance in full.

For Deferred Retirees who have an outstanding arrears obligation for the purchase of additional service credit, interest may be assessed if there was a lapse in payments of two years or more.

Shortages — A shortage in your pension account occurs when your employer does not deduct the proper pension contribution from your salary. You will be notified by the NJDPB of the amount of any shortage. You are responsible for payment of any shortages at retirement.

No retirement will be paid until purchase arrears and shortage obligations have been satisfied. Contact the NJDPB as soon as possible if your *Quotation of Retirement Benefits* indicates an arrears balance or shortage.

After Your Retirement Date

Statement of Retirement Allowance — You will receive a letter confirming your retirement and death benefits. The letter will also supply figures needed in filing your income tax return. Keep this with your important papers.

Due and Payable — Your retirement becomes due and payable after there has been a break in employment without pay of at least 30 days following your retirement date, or 30 days following approval of your retirement by the PFRSNJ Board of Trustees, whichever is later.

Once your retirement becomes due and payable you cannot change your retirement date.

Note: If you return to a PFRS-eligible position before the 30 days have elapsed, on either a paid or voluntary basis, your retirement may be considered invalid and you could be required to reimburse the retirement system and reenroll in the PFRS. The same is true if you return to your former employer/employee relationship before meeting the requirements of a bona fide severance of employment, having terminated your employment relationship for at least 180 days from your date of retirement. See the *Employment After Retirement Restrictions* Fact Sheet for additional requirements of a valid retirement.

Retirement Checks — Your first retirement check cannot be issued earlier than 30 days following your retirement date. If processing of your retirement is delayed, your first check will be retroactive to the date of your retirement.

Regular retirement checks are dated on the first of the month and are the allowance for the previous month.

For example, if you retire on July 1st, your first retirement check would be due and payable on August 1st and is payment for the month of July.

Change of Address — It is important that you inform the NJDPB of the change by using the Retiree Change of Address function in MBOS, calling the Automated Information System at (609) 292-7524, or completing a *Change of Address Form* available on our website.

If notifying the NJDPB of a change of address in writing, be sure to include both your old and your new address and your retirement number or last four digits of your Social Security number.

Direct Deposit/Electronic Funds Transfer (EFT) — Direct deposit of retirement checks is mandatory except for foreign mailing addresses. Direct deposit will prevent your retirement checks from being lost, stolen, or delayed in the mail.

You can sign up for direct deposit up to two months prior to your retirement date using the *Electronic Funds Transfer* application available to pending retirees through MBOS. Registered retirees can also start or change direct deposit online, at any time, using MBOS. Please allow approximately 60 days for a new direct deposit, or changes to an existing direct deposit, to begin.

Withholding Federal and N.J. State Income Tax — The NJDPB will provide for the withholding of federal and New Jersey State income tax from your retirement check.

The default withholding status for federal income tax is Single with no adjustments regardless of your actual marital status or number of dependents. The NJDPB is obligated to withhold federal income tax at this status unless you submit a change to your federal withholding through your MBOS account using the "Income Tax Withholding" button after you receive your first retirement check. Refer to *IRS Form W-4P* for instructions regarding federal tax withholding.

New Jersey income tax withholding is voluntary, and none will be withheld unless you give instructions to do so. Please keep in mind that if you live outside New Jersey your retirement benefits are not subject to New Jersey State income tax, but may be subject to state or local taxes in the jurisdiction in which you reside. There is no provision for withholding any local or out-of-state taxes.

Retirees can increase or decrease existing withholding amounts by using the online federal and New Jersey *W-4P* applications available to retirees on MBOS. Please note that IRS *Form W-4R* should be used for non-periodic payments and eligible rollover distributions. This form can be found on the IRS website at www.irs.gov

The NJDPB cannot provide tax advice. Questions about your federal income tax should be directed to your tax preparer or the IRS at 1-800-TAX-1040. Questions about New Jersey income tax should be directed to the New Jersey Division of Taxation at 1-800-323-4400.

Federal Income Tax After Retirement — Every January, the NJDPB issues each retiree an annual *Form 1099-R* reflecting the taxable retirement allowance paid during the preceding tax year. If you are a non-resident alien or foreign estate, you will receive a *Form 1042-S Foreign Person's U.S Source Income Subject to Withholding*.

The degree to which your pension is taxed, other than Accidental Disability Retirement, depends on whether or not the payments you receive have been previously taxed. Employee contributions made prior to 1987 were made with after-tax dollars. That is, they were federally taxed prior to being made. Contributions for the purchase of service credit are also made with after-tax dollars unless funded by a rollover from another tax-deferred plan.

If you began contributing to the pension plan in 1987 or after, and you have not made a purchase of service credit, your entire pension is subject to federal income tax because your contributions have never been taxed.

If you contributed to the pension plan before 1987, or if you have made a purchase of service credit since 1987, your pension is immediately taxable based on the "expected return rule." Part of your retirement allowance comes from your own pension contributions that were already taxed, and the IRS allows you to recover these contributions tax free. This recovery is spread out over your expected lifetime or the combined lifetime of you and your beneficiary, according to IRS life expectancy tables. This means that a small amount of each monthly retirement check is tax free. The remainder of the monthly benefit is subject to federal income tax.

If you retired on an Accidental Disability Retirement — or if you are a surviving spouse receiving Accidental Disability or Accidental Death benefits — the NJDPB currently reports your benefit as exempt from federal income tax.

Ordinary Disability Retirement benefits are subject to federal tax to the same extent as other pensions.

Any federal tax questions should be referred to the IRS at 1-800-TAX-1040.

N.J. State Income Tax After Retirement — If you live in New Jersey, you will be subject to New Jersey State Income tax when you have recovered in pension checks the amount of pension contributions you made to the retirement system while working. However, if you will not recover your total contributions within three years of retirement, contact the New Jersey Division of Taxation at 1-800-323-4400, or visit their website at <http://www.nj.gov/treasury/taxation> to determine how your pension is taxed.

If you are receiving an Ordinary Disability or Accidental Disability Retirement allowance, your pension is ex-

empt from New Jersey income tax if you are under age 65. When you reach age 65, your disability pension is treated as a regular pension and is considered taxable for New Jersey income tax.

Cost-of-Living Adjustment — The Pension and Health Benefit Reform Law, N.J.S.A. 43:3B-2, suspended Cost-of-Living Adjustments (COLA) for retirees of all retirement systems. Please note, however, that there is no reduction to any COLA increases that were already added to retiree benefits prior to June 28, 2011, the effective date of the law.

Prior Cost-of-Living Adjustments are shown under the Current Earnings section of the retirement benefit *Statement of Allowances and Deductions* (check or EFT stub).

Retirees can also verify current allowance and deduction information at any time using the retiree account information available through MBOS or by calling the Automated Information System at (609) 292-7524.

REDUCTION OR SUSPENSION OF YOUR BENEFITS

Normally, you will receive retirement benefits as long as you live. Your benefits, however, could be reduced or suspended if:

- You return to a position covered by the PFRS and are required to reenroll (see the *Employment After Retirement Restrictions* Fact Sheet).
- You return to employment with your former employer within 180 days (even in a voluntary capacity).
- You have a shortage in your account at the time of retirement.
- You receive salary from your employer for service rendered after your date of retirement.

Police and Firemen's Retirement System

- You waive your right to a portion of any pension to which you are entitled.
- As an Accidental Disability retiree, you receive periodic Workers' Compensation benefits after your retirement date.
- As a Disability retiree, you fail to appear for a periodic medical re-examination when requested to do so.
- You fail to file a *Certificate of Eligibility* when you are asked to do so. This certificate is necessary, for example, if you or one of your beneficiaries has a change in marital status.
- You are incarcerated (although the Board of Trustees may permit the continuance of your benefits to your dependents).
- An accounting error is made and the PFRS must be repaid.

Your pension is normally exempt from any liens against it. Exceptions are: tax liens imposed by the IRS, and court orders for child support, alimony, or equitable distribution.

A court order is effective only when you withdraw your funds or when you begin to receive monthly retirement payments. It is the responsibility of the member to be certain that the NJDPB is provided with copies of all court orders in order to comply with them.

Divorce or Dissolution of a

Civil Union/Domestic Partnership

The retirement system will implement matrimonial/partnership dissolution court orders granting alimony, child support, or equitable distribution.

Matrimonial/partnership dissolution orders regarding your withdrawal from the retirement system will take

effect if you voluntarily apply to withdraw your PFRS account. See the "Withdrawal from the Retirement System" section.

Matrimonial/partnership dissolution orders regarding your retirement will not take effect until you retire and begin receiving a monthly retirement allowance. The court order can designate a specific dollar amount or percentage, or a percentage based on the number of years of pensionable service you accrued during the marriage/partnership to be withheld from your retirement allowance. The amount withheld is sent directly from the NJDPB to your former spouse/partner unless the order specifies another payee (i.e., a probation department).

Any court-ordered withholding paid to your former spouse/partner from your retirement allowance will terminate upon your death or the death of the former spouse/partner.

Misconduct

The receipt of retirement benefits is expressly conditioned upon the rendering of honorable service by a public officer or employee. In accordance with N.J.S.A. 43:1-3, your benefits may be reduced or forfeited if you are convicted of a crime in any way related to your employment, or if you are suspended or dismissed from your employment. See the *Honorable Service Fact Sheet* available on our website for further information.

EMPLOYMENT AFTER RETIREMENT

For most PFRS retirees, working for a private industry, the federal government, or a government agency in another state will not affect your retirement benefits. For PFRS retirees who resume public employment in New Jersey after retirement, there are several areas of concern. To learn about the rules and regulations

regarding post-retirement employment, please see the *Employment After Retirement Restrictions Fact Sheet* available on our website.

Active and Retired Death Benefits

OVERVIEW

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. See also the "Group Life Insurance" section.

Payment of Pension to a Family Member

Upon the death of an employed or retired member, the spouse, civil union partner, domestic partner, child(ren), or dependent parents of the member may be entitled to a monthly pension. The benefits vary according to the status of the member at the time of the death. The terms used in the explanations of benefits are defined as follows:

Spouse — A person to whom you were married on the date of your death and who has not remarried or entered into a civil union. For an exception, see the "Accidental Death Benefits" section. A photocopy of the *Marriage Certificate* is required for verification.

Civil Union Partner — A person of the same sex as defined by N.J.S.A. 37:1-29, with whom you were partnered in a civil union until the date of your death and who has not entered into a new civil union or married. For an exception, see the "Accidental Death Benefits" section. 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. See the *Civil Unions and Domestic Partnerships* Fact Sheet for details.

Domestic Partner — A person of the same sex as defined by N.J.S.A. 26:8A-1, with whom you were partnered in a domestic partnership until the date of your

death and who has not entered into a civil union or married. For an exception, see the "Accidental Death Benefits" section. For an employee or retiree of a local public entity, the local entity's governing body must have adopted a resolution to provide Domestic Partner 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. See the *Civil Unions and Domestic Partnerships* Fact Sheet for details.

Child — Your unmarried child:

- Under the age of 18;
- 18 years of age or older and enrolled in high school;
- 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 Medical Review Board; or
- For an Accidental Death Benefit (see the "Accidental Death Benefits" section), a child may also mean an unmarried child under the age of 24 who is enrolled in college in a degree program for at least 12 hours per semester.

Parent — Your parent who was receiving at least one-half support from you in the 12 months immediately preceding your death, or the accident which led to your death in cases of an Accidental Death Benefit. The dependency of the parent will be considered terminated if he or she remarries after the death of the member.

Final Compensation — for a Tier 1 member enrolled on or before May 21, 2010, Final Compensation means the salary upon which pension contributions were based in the 12 months immediately preceding your death or retirement.

For a Tier 2 or Tier 3 member enrolled after May 21, 2010, Final Compensation means the average salary upon which pension contributions were based for the last three years of service or any three fiscal years of membership preceding your death or retirement that provides the largest possible benefit.

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 one eligible child; or
- 50 percent of final compensation to two or more eligible children, payable in equal shares.

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.

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.

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 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 in equal shares, in the amount of 70 percent of your Compensation.

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

Your employer pays the cost of your group life insurance. This Noncontributory Group Life Insurance is provided through policies issued by the Insurance carrier (Prudential Financial).

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

Compensation — PFRS group life insurance benefits are calculated using the salary on which pension contributions were based in the 12 months immediately preceding your death or retirement.

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 1/2 times your Compensation. If you die during the first year of creditable service, the benefit is 3 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 50 percent of your Compensation. However, if you retired on a Disability Retirement, the amount is equal to 3 1/2 times your Compensation until age 55 when it is reduced to 50 percent of your Compensation.

Group life insurance for retired members of the PFRS who were enrolled on or after July 1, 1971, is payable only if the member retired with 10 or more years of pension membership credit or retired on a Disability Retirement.

CHOOSING A BENEFICIARY

When a member is enrolled in the PFRS, the new member's estate is the group life insurance beneficiary on record until the NJDPB receives a new *Designation of Beneficiary*.

Note: Active and retired members must complete the *Designation of Beneficiary* online using MBOS.

When you submit the *Designation of Beneficiary*, you name beneficiaries for your group life insurance benefits and, if applicable, the return of your pension contributions. You may name any person, organization, your estate, or trust as beneficiary. You may change your designation at any time during your active membership by submitting a new *Designation of Beneficiary*.

At retirement, you are asked on your retirement application to name a beneficiary(ies) for group life insurance benefits. You may name any person, organization, your estate, or trust as beneficiary for group life insurance benefits.

The designation of a beneficiary on a retirement application that is filed with and accepted by the NJDPB supersedes any older designation of beneficiary on file. The designation is effective upon acceptance by the NJDPB, even if the retirement date on the application is in the future or the member later cancels the retirement application.

Retirees may also change group life insurance designations at any time during retirement by filing a new *Designation of Beneficiary* via MBOS.

If you have additional questions regarding designations, please see the *Beneficiary Designation* Fact Sheet.

For your protection, beneficiary designations cannot be accepted or confirmed over the telephone or by email. Members can verify beneficiary designation on MBOs. Otherwise, the NJDPB will only accept a written request from the member to verify your beneficiary designation on file.

Group Life Insurance — In cases of divorce or dissolution, N.J.S.A. 3B:3.14 states that even if your *Designation of Beneficiary* form indicates a former spouse/partner and/or relatives of the former spouse/partner as beneficiaries for life insurance, they cannot receive the benefit. Therefore, the life insurance proceeds become payable to your remaining primary beneficiaries, if any; contingent beneficiaries, if any; or your estate. However, the following exceptions will be honored and considered valid:

- Court orders are filed that specifically designate your former spouse/partner to receive a life insurance benefit; or
- You file a *Designation of Beneficiary* after the final date of judgment that names your former spouse/partner and/or relatives of your former spouse/partner as the life insurance beneficiary.

PAYMENT OF GROUP LIFE INSURANCE

Group life insurance benefits for active members can be paid in one of several ways (group life insurance for retirees must be paid in a lump sum). The options are:

- **Lump Sum** — A single payment to your beneficiary(ies).
- **Annuity Certain** — Equal installments over a selected period of years.
- **Life Annuity** — Paid monthly to your beneficiary(ies) for life.

Death benefits cannot be paid until all the necessary information, including proper proof of death and claim forms, have been received from your beneficiary by the NJDPB.

To report a death, contact the Office of Client Services at (609) 292-7524. A certified death certificate, obituary, or the employer's P-29 form is required to begin processing the claim.

Taxation of Group Life Insurance Payments

Information regarding death claim payments are supplied to the New Jersey Division of Taxation, in accordance with their requirements. A beneficiary or beneficiaries may be considered by the Division of Taxation to be personally liable for any and all inheritance and/or estate taxes until paid.

GROUP LIFE INSURANCE AND LEAVE OF ABSENCE

Your group life insurance coverage will continue in full force for an official leave of absence without pay under the following conditions:

- Up to two years while on an official leave of absence for personal illness.
- Up to one year while on an official leave to fulfill a residency requirement for an advanced degree or as a full-time student at an institution of higher education.
- Up to 93 days while on official leave for personal reasons and family leave.

An official leave of absence requires documentation that establishes the nature of the leave and the continuing relationship between the employer and the member.

Note: A member who has been suspended without pay is covered for group life insurance for up to 93 days.

TAXATION OF GROUP LIFE INSURANCE PREMIUMS

The IRS classifies all employer-provided life insurance coverage over \$50,000 as a fringe benefit subject to taxation. The amount of life insurance coverage is not taxable, but the premium required to pay for the life insurance coverage is taxable.

To determine the taxable amount, if any, subtract \$50,000 from that total value of your Noncontributory Group Life Insurance coverage. The premium rates are then applied to the remaining life insurance amount. The premium costs for the life insurance are determined by the IRS based on your age (see the "IRS Premium Rates" chart) and the life insurance in excess of \$50,000. The remaining premium cost, if any, is the taxable amount and is added to your income on the Form W-2 for that year.

Example: A PFRS member is age 56 and has life insurance coverage.

The member's annual base salary is \$60,000. The member's life insurance coverage totals \$210,000 (3.5 x \$60,000).

The fringe benefit amount is determined by subtracting \$50,000 from the total benefit amount (\$210,000), which equals \$160,000 (\$210,000-\$50,000).

According to the IRS, the premium cost for an individual 52 years of age is \$2.76 per \$1,000 of coverage. The premium cost in this example is \$441.60 (160 x \$2.76) and this amount would be added to your taxable income.

IRS Premium Rates*	
(Annual cost per \$1,000 of coverage)	
Age	Premium
Under age 25	\$0.60
25-29	\$0.72
30-34	\$0.96
35-39	\$1.08
40-44	\$1.20
45-49	\$1.80
50-54	\$2.76
55-59	\$5.16
60-64	\$7.92
65-69	\$15.24
70 and older	\$24.72

*These rates are subject to change by the IRS

WAIVING NONCONTRIBUTORY GROUP LIFE INSURANCE OVER \$50,000

PFRS members are permitted to waive their group life insurance over \$50,000 to avoid a possible federal and State tax liability on that benefit.

Waivers of partial amounts are not permitted. Any member who waives group life insurance must waive the total amount of coverage in excess of \$50,000.

In the previous example, the member's coverage equals \$210,000 (3.5 x \$60,000). In this example the member could waive \$160,000 of coverage because members are only permitted to waive life insurance coverage over \$50,000. The net taxable value would be reduced to \$0.00.

You may waive your Noncontributory Group Life Insurance coverage in excess of \$50,000 by completing a *Waiver of Group Life Insurance in Excess of \$50,000* form and submitting it to the NJDPB. The form is avail-

able from the NJDPB or your employer. The waiver form must be received by the NJDPB before December 31 in order to be effective January 1 of the next calendar year. Once a waiver form has become effective it shall be irrevocable for the entire calendar year. The waiver will remain in effect until you submit another waiver form opting to reinstate coverage to the NJDPB. to the NJDPB. The reinstatement will become effective the following January 1.

If a waiver is in effect at the time of termination of employment or retirement, you will not be permitted to convert any amount of your group life insurance coverage over \$50,000.

Before completing the waiver, you should completely understand the ramifications of waiving your life insurance. For more information, refer to IRS Publication 525, *Taxable and Nontaxable Income*.

CONVERSION OF GROUP LIFE INSURANCE

If you are covered by group life insurance while employed, the coverage ends 31 days after you cease employment, whether for reasons of retirement, termination of employment, or leave of absence without pay.

You are eligible to convert your group life insurance coverage to an individual policy with Prudential Financial, without medical examination and at your own expense, when you retire, terminate employment, or lose coverage while on a leave of absence without pay. See the *Conversion of Group Life Insurance* Fact Sheet for details.

SCHEDULE D. PERS

Supplementing Your Pension

OVERVIEW

In addition to your regular pension contributions, there are other opportunities to supplement your retirement income and possibly set aside money on a tax-deferred basis.

New Jersey State Employees

Deferred Compensation Plan (NJSEDCP)

If you are an employee of the State, you may be eligible for the NJSEDCP (IRC Section 457), also known as Deferred Comp. Contributions to the plan are not subject to federal income tax until you take a distribution from the plan, either at retirement or termination before retirement. The main benefits of the plan are to help you save on federal income tax now and to supplement your retirement income through investments.

For plan and investment information, visit the NJSEDCP website at: <https://newjersey.retirepru.com/> or call 1-866-NJSEDCP (1-866-657-3327). Other information about the plan is available by writing to: New Jersey Division of Pensions & Benefits, New Jersey State Employees Deferred Compensation Plan, P.O. Box 295, Trenton, NJ 08625-0295.

Local Deferred Compensation Plans

PERS members employed by a municipality, county, or board of education may also be eligible to contribute to an IRC Section 457 deferred compensation plan. Contact your employer to see if this type of plan is available to you.

Supplemental Annuity Collective Trust (SACT)

The SACT is a voluntary investment program that provides retirement income separate from, and in addition to, your basic pension plan. Your contributions are invested conservatively in the stock market. The program consists of two separate plans:

- The SACT Regular Plan is available to all actively contributing members of a New Jersey State-administered retirement system. Contributions to this plan are made after deductions for federal income tax.

- The SACT Tax-Sheltered Plan (IRC Section 403(b)) is available to actively contributing members of public educational institutions. Contributions to this plan are made before deductions for federal income tax.

SACT brochures and enrollment packets are available on the NJDPB website.

You can also contact the SACT office by writing to: New Jersey Division of Pensions & Benefits, Supplemental Annuity Collective Trust, P.O. Box 295, Trenton, NJ 08625-0295.

Defined Contribution Retirement Program (DCRP)

The DCRP was established 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.

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 on or after July 1, 2007, in membership Tier 2, Tier 3, Tier 4, or Tier 5 of the PERS who earn salary in excess of established maximum compensation limits.
- Employees otherwise eligible for enrollment in membership Tier 3 of the PERS who do not earn the minimum annual salary for Tier 3 enrollment (subject to adjustment in future years) but who earn at least the DCRP minimum annual salary of \$5,000.

- Employees otherwise eligible for enrollment in membership Tier 4, or Tier 5 of the PERS who do not work the minimum number of hours per week required for enrollment (35 hours per week for State employees or 32 hours per week for local government or local education employees) but who earn at least the DCRP minimum annual salary of \$5,000.

The DCRP is administered for the NJDPB by Empower. Empower provides DCRP information, including investment and distribution options, on the DCRP website: <https://newjersey.retirepru.com/> Employers and members can contact Empower via their toll-free telephone number: 1-866-653-2771. In certain circumstances, an eligible employee can voluntarily waive participation in the DCRP by submitting a DCRP Waiver of Retirement Program Participation form to the NJDPB.

Additional information about DCRP enrollment, contribution rates, plan benefits, and waivers can be found in the *Defined Contribution Retirement Program (DCRP) for PERS, TPAF, PFRS, and SPRS Members Fact Sheet*, the *Defined Contribution Retirement Program (DCRP) for Elected and Appointed Officials Fact Sheet*, and the *Defined Contribution Retirement Program (DCRP) if Ineligible for PERS or TPAF Fact Sheet*, which are available on the NJDPB website.

Retirements

OVERVIEW

(LEO, LRS, Prosecutors Part, and WCU Part members see addendum)

Applications for retirement must be filed through MBOS and received by the NJDPB prior to the effective date of the retirement. It is the member's responsibility to apply for retirement and ensure that all required documents are received by the NJDPB within 90 days.

The IRS will impose a 50 percent excise tax on accounts of members who terminate employment but do not retire or withdraw contributions by April 1 following the calendar year in which they turn age 70 1/2 (if born before July 1, 1949) or age 72 (if born on or after July 1, 1949). This rule does not affect members age 70 1/2 or 72 while they are still actively employed in PERS-covered positions.

Retirement Calculation Definitions

Years of Service means the years and months of pension service credited to your account, including purchased service credit. All members receive a slightly higher percentage for each additional month of service.

Final Average Salary (FAS) is the salary used to calculate your retirement. It is based on pensionable salary and does not include extra pay for overtime or money given in anticipation of your retirement. Nor does it include amounts paid for housing, clothing, or uniform allowances.

For Tier 1, Tier 2, and Tier 3 members, FAS means the average salary for the 36 months (30 months for employees with 10-month contracts) immediately preceding your retirement. If your last three years are not your highest years of salary, your allowance will be calculated using your three highest fiscal years (July - June) of salary.

For Tier 4 and Tier 5 members, Final Average Salary means the average salary for the 60 months (50 months for employees with 10-month contracts) immediately preceding your retirement. If your last five years are not your highest years of salary, your allowance will be calculated using your five highest fiscal years (July - June) of salary.

Note: If your last years of salary are not your highest, you must indicate your highest three years on your MBOS Retirement Application.

TYPES OF RETIREMENT

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

Service Retirement

Available to Tier 1 and Tier 2 members upon reaching age 60 or older; to Tier 3 and Tier 4 members upon reaching age 62 or older; and to Tier 5 members upon reaching age 65 or older. No minimum amount of pension service credit is required.

The formula to calculate the maximum annual pension for a Tier 1, Tier 2, or Tier 3 member is:

$$\frac{\text{Years of Service}}{55} \times \text{Final Average Salary} = \text{Maximum Annual Allowance}$$

Example: A Tier 1 member with 22 years of service would receive 22/55 or 40 percent of Final Average Salary.

The formula to calculate the maximum annual pension for a Tier 4 or Tier 5 member is:

$$\frac{\text{Years of Service}}{60} \times \text{Final Average Salary} = \text{Maximum Annual Allowance}$$

Example: A Tier 4 member with 22 years of service would receive 22/60 or 36.7 percent of Final Average Salary.

Early Retirement

Available to members who have 25 years or more of pension service credit before reaching age 60 for Tier 1 and Tier 2 members, or before age 62 for Tier 3 and Tier 4 members; and with 30 years or more of pension membership service credit before age 65 for Tier 5 members. The benefit is calculated using the appropriate Service Retirement formula; however, your allowance is permanently reduced if you retire prior to attaining certain ages as defined by your membership tier.

- For Tier 1 members who retire before age 55, your allowance is reduced 1/4 of one percent for each month (three percent per year) under age 55.
- For Tier 2 members who retire before age 60, your allowance is reduced 1/12 of one percent for each month (one percent per year) under age 60 through age 55, and 1/4 of one percent for each month (three percent per year) under age 55.
- For Tier 3 or Tier 4 members who retire before age 62, your allowance is reduced 1/12 of one percent for each month (one percent per year) under age 62 through age 55, and 1/4 of one percent for each month (three percent per year) under age 55.
- For Tier 5 members who retire before age 65 with at least 30 years of service, your allowance is reduced 1/4 of one percent for each month (three percent per year) under age 65.

Veteran Retirement

Available to qualified military veterans who remain in active employment until the effective date of retirement and who meet the minimum age and pension service credit requirements for a Veteran Retirement as of their retirement date.

The age requirements and formulas for calculating a Veteran Retirement are the same for all membership tiers.

Public Employee's Retirement System

A qualified military veteran who is:

- age 55 or older with 25 or more years of service credit; or
- age 60 or older with 20 or more years of service credit

is entitled to an annual allowance equal to 54.5 percent of the salary upon which pension contributions were based during the highest the 12 consecutive months of base salary.

A qualified military veteran who is age 55 or older with 35 years of service credit is entitled to an annual allowance based on the following formula:

$$\frac{\text{Years of Service}}{55} \times \text{Highest 12 Consecutive Months of Salary} = \text{Maximum Annual Allowance}$$

Veteran members may retire on a Service Retirement if that provides a higher benefit.

Establishing Veteran Status — Individuals wishing to establish veteran status with the retirement system should submit a photocopy of their discharge papers (*Form DD 214*) showing both the induction and discharge dates to:

N. J. Department of Military and Veterans

Affairs

ATTN: DVP-VBB

P.O. Box 340

Trenton, NJ 08625-0340

Since the New Jersey Department of Military and Veterans Affairs also makes determinations of veterans preference for Civil Service and property tax appeals, a note should be attached to say that the discharge papers are being sent for pension purposes. Include your address on the note. For more information, see the *Veteran Status Fact Sheet*.

Deferred Retirement

Available to members who have at least 10 years of service credit and are not yet 60 years of age if a Tier 1 or Tier 2 member, or 62 years of age if a Tier 3 or Tier 4 member, or 65 years of age if a Tier 5 member, when they terminate employment. The retirement would be effective on the first of the month after attaining the appropriate Deferred Retirement age. The benefit is calculated using the appropriate Service Retirement formula.

You must file an application for retirement for the Deferred Retirement to take effect. You may apply for a Deferred Retirement when you terminate covered employment or any time prior to attaining your Deferred Retirement age; otherwise, your only payment option at retirement is the maximum allowance with no payment to a beneficiary. Under no circumstances can a Deferred Retirement become effective prior to the date the application is received by the NJDPB.

If a member is removed from employment for cause, the member will be ineligible for Deferred Retirement.

If you return to PERS-covered employment before your Deferred Retirement becomes effective, you may cancel your retirement and become eligible to maintain your original PERS membership tier status, provided you have not withdrawn your membership and it has not been more than two consecutive years since your last pension contribution. If, however, there has been a break in service of more than two consecutive years since your last pension contribution, or if you have withdrawn your account, you will be enrolled in a new PERS account under the membership tier in effect at the time you return to employment.

At any time before your Deferred Retirement becomes effective, you may change your mind and apply for a lump-sum withdrawal of all your pension contributions. However, once you cancel your Deferred Retirement

and withdraw your contributions, all the rights and privileges of membership in the retirement system end.

Please note the following important information about your life insurance, health benefits coverage, loans, and purchase arrears if you are considering a 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. For more information see the "Conversion of Group Life Insurance" section.

- **Health Benefits** — PERS members with less than 25 years of service credit who are electing a Deferred Retirement cannot normally transfer their active health care coverage to the retired group of the State Health Benefits Program (SHBP) or the School Employees' Health Benefits Program (SEHBP); however, members electing Deferred Retirement may be eligible for continuation of SHBP or SEHBP coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) legislation for up to 18 months if they were covered by the SHBP or SEHBP just prior to terminating employment. If the actual retirement commences while the 18 months of COBRA coverage is in effect, the retiree may then transfer from the COBRA coverage and continue the SHBP or SEHBP coverage into retirement. If the 18 months of COBRA coverage ends before the retirement commences, the member will not be entitled to

- maintain health coverage through the SHBP or SEHBP. Participants should contact their employer to see if they qualify for COBRA continuation.
- PERS members with 25 or more years of service credit who were employed by a school board or a county college and who elect Deferred Retirement are eligible for State-paid SEHBP coverage when the Deferred Retirement becomes effective at age 60 for Tier 1 or Tier 2 members, age 62 for Tier 3 or Tier 4 members, or age 65 for Tier 5 members.
- **Loans** — If you terminate employment, failure to repay a pension loan as scheduled may result in the unpaid loan balance being declared a taxable distribution that will be reported to the IRS. For more information about the IRS regulations regarding the repayment of pension loans, see the "Internal Revenue Service (IRS) Requirements" section.
- **Purchase Arrears** — If you have not made installment payments for the purchase of additional service credit for two years, your purchase will be canceled. You will receive pro rata credit for the service purchased to the date that the installment payments ceased. See the "Applying to Purchase Service Credit" section for more information.

Ordinary Disability Retirement

Ordinary Disability Retirement is only available to Tier 1, Tier 2, and Tier 3 members.

Note: Under the provisions of N.J.S.A. 43:15A-42.1, Tier 4 and Tier 5 members may be eligible for Long-Term Disability Insurance coverage after one year of continuous employment. See the *Long-Term Disability for PERS and TPAF Tiers 4 and 5* Fact Sheet for details.

To qualify for an Ordinary Disability Retirement you must:

- Have an active PERS account. Active membership ceases after discontinuance of pension contributions for more than two consecutive years. If more than two years have elapsed since the last contribution, and you terminated employment because you were totally and permanently disabled and you continue to be disabled for the same reason(s), special rules apply; see N.J.A.C. 17-2-6.15 or contact the NJDPB for more information;
- Have 10 or more years of New Jersey service credit (Out-of-State, Military, and U.S. Government civilian service purchases cannot be used to attain the 10 years);
- Be considered totally and permanently disabled (you must prove that you are physically or mentally incapacitated from performing your normal or assigned job duties or any other position your employer may assign);
- Be disabled at the time you separated from service as a result of the alleged disability that renders you totally disabled; and
- Submit all medical reports or corroborating evidence on file that supports your disability within six months or your application will be canceled and you must refile.

Note: If the medical documentation supplied by you is not sufficient to support your claim of disability, the NJDPB may require you to be examined by physicians selected by the retirement system. The examination will be scheduled at no cost to you by the NJDPB. All medical information is kept confidential and only for use by the PERS Board of Trustees in evaluating your application.

If you are approved for an Ordinary Disability Retirement, the annual benefit is equal to 43.6 percent of your Final Average Salary or 1.64 percent of your FAS

for each year of service credit, whichever provides the higher benefit.

The application process begins by filing a *Retirement Application* with the NJDPB via MBOS. The application review process requires information from your physicians and a release of health information related to your disability. The process also requires corroboration of your condition by at least two medical sources. The more complete the application and supporting information, the faster it can be evaluated, although the process may take six months or more.

It is the applicant's responsibility to arrange for all physicians' statements, hospital records, and other health information to be sent to the NJDPB.

Your employer has the right to apply for an Involuntary Disability Retirement on your behalf. At the time of application, State employers must provide a letter from the Department's highest ranking authority and local employers must provide a copy of a resolution adopted by the governing body. The letter/resolution must indicate the intent to involuntarily retire the employee and state that, in the employing authority's opinion, the employee is totally and permanently disabled from fulfilling his or her job duties; employers should include any pertinent medical records.

Once the Board of Trustees approves a member for a Disability Retirement, the member's retirement application cannot be withdrawn, canceled, or amended. Your retirement option can be changed provided that you file written notice with the NJDPB within 30 days of the date of the Board's approval or your retirement date, whichever is later; otherwise, the retirement option will remain and cannot be changed for any reason thereafter.

Approval for Workers' Compensation or Social Security Disability benefits has no bearing on your application for an Ordinary Disability Retirement. However, if you

are approved for Ordinary Disability Retirement benefits and receive a Workers' Compensation award, your Workers' Compensation award may be reduced by the amount of your Ordinary Disability Retirement benefit. If you have any questions concerning this issue, please contact the Division of Workers' Compensation at (609) 292-2515 or send email to: dwc@dol.nj.gov

Disability retirees are subject to an annual earnings test. See the *Disability Retirement Benefits (PERS & TPAF) Fact Sheet* for details.

Accidental Disability Retirement

Accidental Disability Retirement is only available to Tier 1, Tier 2, and Tier 3 members.

Note: Under the provisions of N.J.S.A. 43:15A-42.1, Tier 4 and Tier 5 members may be eligible for Long-Term Disability insurance coverage after one year of continuous employment. See the *Long-Term Disability for PERS and TPAF Tiers 4 and 5 Fact Sheet* for details.

To qualify for an Accidental Disability Retirement you must:

- Have an active PERS account. Active membership ceases after discontinuance of pension contributions for more than two consecutive years. If more than two years have elapsed since the last contribution, and you terminated employment because you were totally and permanently disabled and you continue to be disabled for the same reason(s), special rules apply, see N.J.A.C. 17-2.6:15 or contact the NJDPB for more information.
- Be considered totally and permanently disabled (you must prove that you are physically or mentally incapacitated from performing your normal or assigned job duties or any other position your employer may assign) as a "direct result of a traumatic event" (definition to follow);

- Be an active member of the PERS on the date of the traumatic event;
- File a *Retirement Application* through MBOS within five years of the date of the traumatic event;
- Provide all accident reports, witness reports, and corroborating evidence on file for all accidents for which you are filing within six months;

- Be examined by physicians selected by the retirement system. The examination will be scheduled at no cost to you by the NJDPB. All medical information is kept confidential and used only by the PERS Board of Trustees in reviewing your claim; and
- Be disabled at the time you separated from service as a result of a disability that renders you totally disabled.

If you are approved for Accidental Disability Retirement, your annual retirement allowance will be 72.7 percent of your salary at the time of the traumatic event.

Direct Result of a Traumatic Event has been defined by the courts as an occurrence that:

- Is identifiable as to time and place;
- Is undesigned and unexpected;
- Is caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work);
- Occurred during and as a result of the member's regular or assigned duties;
- Was not the result of the member's willful negligence; and
- Results in the member's permanent and total incapacitation from performing his or her usual or any other duty.

Note: When there is an issue of mental incapacity, the member must also establish that the event that

forms the basis for an Accidental Disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person."

You may only file for one type of Disability Retirement, either Accidental or Ordinary Disability. The application process begins by filing a *Retirement Application* with the NJDPB through MBOS. The application review process requires information from your physicians, information from your employer with questions regarding the traumatic event, and a release of health information related to your disability. The more complete the application and supporting information, the faster it can be evaluated, although the process may take six months or more.

It is the applicant's responsibility to arrange for all physicians' statements, hospital records, and other health information to be sent to the NJDPB.

Your employer has the right to apply for an Involuntary Disability Retirement on your behalf. At the time of application, State employers must provide a letter from the Department's highest ranking authority and local employers must provide a copy of a resolution adopted by the governing body. The letter/resolution must indicate the intent to involuntarily retire the employee and state that, in the employing authority's opinion, the employee is totally and permanently disabled from fulfilling his or her job duties; employers should include any pertinent medical records.

Once the Board of Trustees approves a member for a Disability Retirement allowance, the member's retirement application cannot be withdrawn, canceled, or

amended. Your retirement option can be changed provided that you file written notice with the NJDPB within 30 days of the date of the Board's approval or your retirement date, whichever is later; otherwise, the retirement option will remain and cannot be changed for any reason thereafter.

Approval for Workers' Compensation or Social Security Disability benefits has no bearing on your application for Accidental Disability Retirement. However, if you receive periodic Workers' Compensation benefits while receiving an Accidental Disability Retirement, the pension portion of your retirement allowance will be reduced dollar for dollar by the amount of the periodic benefits.

Disability retirees are subject to an annual earnings test. See the *Disability Retirement Benefits (PERS & TPAF)* Fact Sheet.

If you apply for Accidental Disability Retirement and are found by the Board of Trustees to be totally and permanently disabled but not as a direct result of a traumatic event, you may be approved for an Ordinary Disability Retirement if you have the required service credit. See the "Ordinary Disability Retirements" section.

Accidental Disability for World Trade Center Responders

P.L. 2019, c. 157 (Chapter 157), the Bill Ricci World Trade Center Rescue, Recovery, and Cleanup Operations Act, permits Tier 1, 2, and 3 PERS Law Enforcement Officers (LEOs) or certain PERS members who served as Emergency Medical Technicians to file for an Accidental Disability Retirement benefit if the member is or is to become totally and permanently disabled due to participation in the rescue, recovery, or cleanup operations at the World Trade Center.

For more information, please refer to the *Accidental Disability Retirement Under Chapter 157* Fact Sheet.

OPTIONAL SETTLEMENTS AT RETIREMENT

(WCJ Part members see addendum)

You may want to leave a pension benefit to a beneficiary in addition to any life insurance for which you are eligible. When you apply for retirement you will have to choose either the Maximum Option or one of eight other options that provide a pension benefit to your beneficiary. Selecting an option other than the Maximum Option will reduce your monthly retirement allowance. The amount of this reduction depends on the option you select and the maximum calculated benefit, as determined by the IRS. Regardless of the selected payment option, your retirement benefits are payable for the remainder of your lifetime; see exceptions in the "Reduction or Suspension of Your Benefits" section.

Once your retirement becomes due and payable you cannot change your option selection. Due and payable is defined as 30 days after your retirement date, or 30 days after your retirement has been approved by the PERS Board of Trustees, whichever is later.

The **Maximum Option** provides the highest retirement allowance payable. Upon your death, all pension benefits will cease. If your death should occur before you have received distribution of all your accumulated pension contributions with interest, the remainder of any undistributed contributions will be paid to your beneficiary, along with any last retirement checks that are due and payable. If you are legally married or in a domestic partnership and choose the Maximum Option, State law requires that we notify your spouse or domestic partner of your choice.

Options A, B, C, and D pay a monthly allowance to a beneficiary upon your death for the lifetime of that beneficiary. Under any of these options, once your retirement has become due and payable, you cannot change the beneficiary, regardless of the circumstances. If your designated beneficiary dies before you, your monthly

allowance increases to the Maximum Option amount. Your age and the age of the beneficiary determine your monthly allowance — the younger the beneficiary, the more your pension is reduced to account for the beneficiary's longer life expectancy. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed in the form of a monthly allowance, the remainder will be paid to your estate.

Note: For Options A, B, C, and D, you may only designate one beneficiary.

- **Option A** provides that upon your death, your beneficiary will receive the same monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.

- **Option B** provides that upon your death, your beneficiary will receive 75 percent of the monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.

- **Option C** provides that upon your death, your beneficiary will receive 50 percent of the monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.

- **Option D** provides that upon your death, your beneficiary will receive 25 percent of the monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.

Option 1 sets aside an initial reserve based on your life expectancy. This reserve is then reduced each month by the amount of your initial monthly retirement allowance. Upon your death, the balance of the reserve, if any, is paid to your beneficiary(ies). If you exhaust your initial reserve, you will continue to receive your monthly retirement allowance for the rest of your life; however, there will be no benefit payable to your beneficiary(ies). You may designate more than one beneficiary for Option 1. A beneficiary may be a person, a charity, an in-

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situation, or your estate. You may change a beneficiary under this option at any time. Upon your death, your beneficiary may elect to receive the proceeds in a lump sum or as an annuity payable over a certain number of years.

Options 2, 3, and 4 pay a monthly allowance to a beneficiary upon your death for the lifetime of that beneficiary. Under any of these options, once your retirement has become due and payable, you cannot change the beneficiary, regardless of the circumstances. If your designated beneficiary dies before you, your monthly allowance will not be increased nor can you name a new beneficiary. Your age and the age of the beneficiary determine your monthly allowance — the younger the beneficiary, the more your pension is reduced to account for the beneficiary's longer life expectancy. Should you and your beneficiary die before all your accumulated pension contributions plus interest have been distributed in the form of a monthly allowance, the remainder will be paid to your estate.

Note: For Options 2 and 3, you may only designate one beneficiary. For Option 4, you may designate more than one beneficiary.

- **Option 2** provides that upon your death, your beneficiary will receive the same monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.
- **Option 3** provides that upon your death, your beneficiary will receive 50 percent of the monthly allowance that you were receiving at the time of your death, for the duration of his/her lifetime.
- **Option 4** provides that upon your death, your beneficiary(ies) will receive a specified fixed monthly allowance for the duration of his/her lifetime. Your allowance cannot be more than that provided under Option 2.

Note: Members should allow for additional processing time for Option 4 calculations with multiple beneficiaries.

Should a member apply for retirement, other than a Deferred Retirement, and die prior to the retirement becoming effective, the beneficiary may choose between the active death benefit or the retired optional settlement that the member selected. The member must have been eligible for retirement at the time of death for the beneficiary to be eligible to choose between active and retired death benefits.

Age Limits on Nonspouse Beneficiaries

For all options, you can name your spouse as your beneficiary regardless of your spouse's age. For Option C, D, 1, or 3, you can name someone other than your spouse as beneficiary regardless of age.

Note: Because the IRS is a federal agency, a civil union partner or domestic partner as defined under New Jersey State law does not qualify as a spouse under these circumstances and would be subject to the age limitations described.

For Options 2, A, or B, if you are naming a beneficiary who is not your spouse, IRS regulations restrict the age of your beneficiary:

- For Options 2 and A:**
- If you are age 70 or older at retirement, your non-spouse beneficiary can be no more than 10 years younger than you.
 - If you are under age 70 at retirement, determine:
 - 1.) the number of years difference between your age at retirement and age 70; and
 - 2.) the number of years difference between your age at retirement and the age of your nonspouse beneficiary.

Subtract the age 70 difference from the difference in age between yourself and your beneficiary. The resulting age difference can be no more than 10 years younger than you.

For Option B:

- If you are age 70 or older at retirement, your non-spouse beneficiary can be no more than 19 years younger than you.
- If you are under age 70 at retirement, determine:

- 1.) the number of years difference between your age at retirement and age 70; and
- 2.) the number of years difference between your age at retirement and the age of your nonspouse beneficiary.

Subtract the age 70 difference from the difference in age between yourself and your beneficiary. The resulting age difference can be no more than 19 years younger than you.

If you name a nonspouse beneficiary under **Option 4**, and the dollar amount of your beneficiary's pension is more than half of your allowance, restrictions on your beneficiary's age apply.

THE RETIREMENT PROCESS

The time frames in this section serve as a guide to help you understand the retirement process. Actual processing times, however, may vary and cannot begin until the NJDPB receives all the necessary information and forms from both you and your employer.

6-8 Months Before Retirement

When planning for a successful retirement, it is important to give yourself enough time to review your benefits and options. You should inquire about retirement at least six months before your retirement date.

Retirement Estimates — Members within two years of retirement can:

- Obtain an *Estimate of Retirement Benefits* using MBOS. This provides you with a printable estimate of the retirement allowances available and the amount of your group life insurance benefits. If you provide the birth date of your beneficiary, MBOS will estimate not only the Maximum Option but alternate payment options. Using the retirement estimate calculator on MBOS allows you to obtain and compare estimates for different retirement dates.
- Hear an estimate of retirement benefits over the phone by calling the NJDPB Automated Information System at (609) 292-7524.

Your employer is not notified if you request a retirement estimate.

For long-term retirement planning, the NJDPB also provides an online retirement estimate calculator that uses service and salary information that you provide. This calculator is available on our website.

4-6 Months Before Retirement

Retirement Applications — It is your responsibility to file a retirement application with the NJDPB. All retirement applications must be submitted online using MBOS. MBOS provides fast, efficient processing of your retirement application.

All retirements are effective on the first of a month. You can submit your retirement application no more than one year before your retirement date — and as late as the last business day prior to your retirement date — but four to six months advance filing is recommended. Under no circumstances can a retirement become effective prior to the date the application is received by the NJDPB.

If you have not furnished proof of your age to the NJDPB, you must do so when applying for retirement (see the "Proof of Age" section for acceptable proofs of age). Proof of age for your beneficiary is required if you choose Option A, B, C, D, 2, 3, or 4. If any proof of age documents are given under a maiden name, please identify them as such. Send photocopies of any proof of age documents, as we cannot guarantee that original documents will be returned. Please also be sure to write your pension membership number or last four digits of your Social Security number on all documentation that you submit. Your retirement application will not be processed until the NJDPB receives copies of birth date evidence.

- Ask your employer to submit a *Certification of Service and Final Salary* to the NJDPB. Your employer will also receive an email from the NJDPB requesting this certification.
- It is the applicant's responsibility to ensure that all required forms — except for the employer certification — are submitted to the NJDPB within 90 days of the NJDPB's receipt of your retirement application. Otherwise, the retirement application will be canceled and you will need to submit another application for a future retirement date.
- Multiple members (see the "Multiple Membership" section) cannot begin to collect retirement benefits until all employment covered by the PERS is terminated.
- If applying for a Veteran Retirement, you must qualify as a military veteran for pension purposes. See the "Veteran Retirement" section for more details.
- The designation of a beneficiary named on a retirement application that is filed with and accepted by the NJDPB supersedes any older designation

of beneficiary on file. The designation is effective upon acceptance by the NJDPB, even if the retirement date on the application is in the future or the member later cancels the retirement application.

When your application is submitted to the NJDPB, you will receive an email confirmation of its receipt. You will also be sent a letter acknowledging receipt of your retirement application.

Life Insurance — The amount of your life insurance coverage through the PERS decreases at retirement or terminates if you have less than 10 years of service credit. You may convert the dollar difference between the group coverage you had before retirement and the group coverage you will have after retirement to a non-group life insurance policy.

To protect your conversion privilege it is suggested that you apply for conversion of your insurance at the time you file your retirement application with the NJDPB. However, you cannot file to convert your life insurance any earlier than six months prior to your retirement date. See the "Conversion of Group Life Insurance" section and the *Conversion of Group Life Insurance* Fact Sheet for details.

Other Retirement Plans — If you participate in the following retirement savings plans, listed below, you must inform them separately of your plans to retire.

- Contact the NUSEDPCP at 1-866-NUSEDPCP.
- Contact the SACT at (609) 292-7524.
- Contact the DCRP at 1-866-653-2771.

Approximately 3 Months Before Retirement

Health Benefits Coverage at Retirement — To see if you qualify for retired coverage under the SHBP or SEHBP, see the *Summary Program Description* and the *Health Benefits Coverage — Enrolling as a Retiree* Fact Sheet. If you do not qualify for retired SHBP or

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SEHBP coverage, see your employer to explore other options that may be available for continuing your health coverage.

Approximately 1 Month Before Retirement

Board Approval — Your retirement will be presented to the PERS Board of Trustees for approval.

- Once approved, you will receive a letter from the Board of Trustees. You have 30 days from the Board approval date or your effective retirement date (whichever is later) to request any change to your retirement date, option selection, or option beneficiary. If you wish to make a change after Board approval, your new selection must again be approved by the Board of Trustees. This may delay your first retirement check.

- You may choose to cancel your retirement within 30 days of your retirement date or Board approval date (whichever is later). The request to cancel your retirement or change your retirement date must be made via MBOS. However, if your retirement has been board approved and/or you have been assigned a retirement number, MBOS will not be able to process your request to cancel or change your retirement date. In these cases, you should immediately contact the NJDPB in writing or by email at: pensions.nj@treas.nj.gov

Note: Members who are approved for Disability Retirement cannot cancel their retirement or change their date of retirement.

Approximately 2 - 4 Weeks Before Retirement

You will receive a *Quotation of Retirement Benefits* letter which shows your monthly retirement allowance, along with:

- The option you selected;

- A quote of any outstanding loan balance with repayment options; and
- Any other unsatisfied balance on your account (see below).

Unsatisfied Balances

Loans — If you retire with an outstanding loan balance, you may:

- Pay the loan in full prior to receiving any retirement benefits; or
- Repay the loan deductions from your retirement allowance until the balance of the loan plus interest is repaid. The monthly loan payment will be calculated to have the loan plus interest satisfied by your five-year end date.

Purchase Arrears — When you apply for a purchase of service credit, the NJDPB assumes that the obligation will be paid before your retirement. Therefore, your account is credited with the full amount of service you have agreed to purchase. If this obligation has not been fully paid when you retire, your *Quotation of Retirement Benefits* will state the balance of your arrears (purchase) as of your retirement date. At that time, you must pay the balance of your arrears.

If you do not pay off the balance, the service credit which has not been paid for will be subtracted from your total years and months of service. This will reduce the amount of your retirement allowance and may possibly affect your eligibility to retire. Contact the NJDPB as soon as possible to advise whether or not you wish to pay off the arrears balance in full.

For Deferred Retirees who have an outstanding arrears obligation for the purchase of additional service credit, interest will be assessed if there was a lapse in payments of two years or more.

Shortages — A shortage in your pension account occurs when your employer does not deduct the proper pension contribution from your salary. You will be notified by the NJDPB of the amount of any shortage. You are responsible for payment of any shortages at retirement.

No retirement will be paid until purchase arrears and shortage obligations have been satisfied. Contact the NJDPB as soon as possible if your *Quotation of Retirement Benefits* indicates an arrears balance or shortage.

After Your Retirement Date

Statement of Retirement Allowance — You will receive a letter confirming your retirement and death benefits. The letter will also supply figures needed in filing your income tax return. Keep this with your important papers.

Due and Payable — Your retirement becomes due and payable after there has been a break in employment without pay of at least 30 days following your retirement date, or 30 days following approval of your retirement by the PERS Board of Trustees, whichever is later.

Once your retirement becomes due and payable you cannot change your retirement date, option selection, or option beneficiary.

Note: If you return to a PERS-eligible position with a different employer before the 30 days have elapsed, on either a paid or voluntary basis, your retirement may be considered invalid and you could be required to reimburse the retirement system and re-enroll in the PERS. The same is true if you return to your former employer/employee relationship before meeting the requirements of a bona fide severance of employment, having terminated your employment relationship for at least 180 days from your date of retirement. See the *Employment After Retirement Restrictions* Fact Sheet on our website for additional requirements of a valid retirement.

Retirement Checks — Your first retirement check cannot be issued earlier than 30 days following your retirement date. If processing of your retirement is delayed, your first check will be retroactive to the date of your retirement.

Regular retirement checks are dated on the first of the month and are the allowance for the previous month. For example, if you retire on July 1st, your first retirement check would be due and payable on August 1st and is payment for the month of July.

Change of Address — It is important that you inform the NJDPB of the change by using the *Retiree Change of Address* function in MBOS, calling the Automated Information System at (609) 292-7524, or completing a *Change of Address Form* available on our website.

If notifying the NJDPB of a change of address in writing, be sure to include both your old and your new address and your retirement number or last four digits of your Social Security number.

Direct Deposit/Electronic Funds Transfer (EFT) — Direct deposit of retirement checks is mandatory except for foreign mailing addresses. Direct deposit will prevent your retirement checks from being lost, stolen, or delayed in the mail.

You can sign up for direct deposit up to two months prior to your retirement date using the *Electronic Funds Transfer* application available to pending retirees through MBOS. Registered retirees can also start or change direct deposit online, at any time, using MBOS. Please allow approximately 60 days for a new direct deposit, or changes to an existing direct deposit, to begin.

Withholding Federal and N.J. State Income Tax — The NJDPB will provide for the withholding of federal and New Jersey State income tax from your retirement check.

The default withholding status for federal income tax is Single with no adjustments regardless of your actual marital status or number of dependents. The NJDPB is obligated to withhold federal income tax at this status unless you submit a change to your federal withholding through your MBOS account using the "Income Tax Withholding" button after you receive your first retirement check. Refer to *IRS Form W-4P* for instructions regarding federal tax withholding.

New Jersey income tax withholding is voluntary, and none will be withheld unless you instruct us to do so. Please keep in mind that if you live outside New Jersey your retirement benefits are not subject to New Jersey State income tax, but may be subject to state or local taxes in the jurisdiction in which you reside. There is no provision for withholding any local or out-of-state taxes.

Retirees can increase or decrease existing withholding amounts by using the online federal and New Jersey *W-4P* applications available to retirees on MBOS. Please note that *IRS Form W-4R* should be used for non-periodic payments and eligible rollover distributions. This form can be found on the IRS website at www.irs.gov

The NJDPB cannot provide tax advice. Questions about your federal income tax should be directed to your tax preparer or the IRS at 1-800-TAX-1040. Questions about New Jersey income tax should be directed to the New Jersey Division of Taxation at 1-800-323-4400.

Federal Income Tax After Retirement — Every January, the NJDPB issues each retiree an annual *Form 1099-R* reflecting the taxable retirement allowance paid during the preceding tax year. If you are a non-resident alien or foreign estate, you will receive a *Form 1042-S Foreign Person's U.S Source Income Subject to Withholding*.

The degree to which your pension is taxed, other than Accidental Disability Retirement, depends on whether or not the payments you receive have been previously taxed. Employee contributions made prior to 1987 were made with after-tax dollars. That is, they were federally taxed prior to being made. Contributions for the purchase of service credit are also made with after-tax dollars unless funded by a rollover from another tax-deferred plan.

If you began contributing to the pension plan in 1987 or after, and you have not made a purchase of service credit, your entire pension is subject to federal income tax because your contributions have never been taxed. If you contributed to the pension plan before 1987, or if you have made a purchase of service credit since 1987, your pension is immediately taxable based on the "expected return rule." Part of your retirement allowance comes from your own pension contributions that were already taxed, and the IRS allows you to recover these contributions tax free. This recovery is spread out over your expected lifetime or the combined lifetime of you and your beneficiary, according to IRS life expectancy tables. This means that a small amount of each monthly retirement check is tax free. The remainder of the monthly benefit is subject to federal income tax.

If you retired on an Accidental Disability Retirement — or if you are a surviving spouse receiving Accidental Disability or Accidental Death benefits — the NJDPB currently reports your benefit as exempt from federal income tax.

Ordinary Disability Retirement benefits are subject to federal tax to the same extent as other pensions. Any federal tax questions should be referred to the IRS at 1-800-TAX-1040.

N.J. State Income Tax After Retirement — If you live in New Jersey, you will be subject to New Jersey

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State income tax when you have recovered in pension checks the amount of pension contributions you made to the retirement system while working. However, if you will not recover your total contributions within three years of retirement, contact the New Jersey Division of Taxation at 1-800-323-4400, or visit their website at <http://www.nj.gov/treasury/taxation> to determine how your pension is taxed.

If you are receiving an Ordinary Disability or Accidental Disability Retirement allowance, your pension is exempt from New Jersey income tax if you are under age 65. When you reach age 65, your disability pension is treated as a regular pension and is considered taxable for New Jersey income tax.

Cost-of-Living Adjustment — In accordance with N.J.S.A. 43:3B-2, the Pension and Health Benefit Reform Law, Cost-of-Living Adjustments (COLA) for retirees of all retirement systems are suspended. Please note, however, that there is no reduction to any COLA increases that were already added to retiree benefits prior to June 28, 2011, the effective date of the law. Prior to the suspension of COLA, the Pension Adjustment Program provided an annual Cost-of-Living Adjustment to retirees and their survivors who received a monthly retirement allowance from the PERS. The COLA was based on the initial retirement allowance; however, if the retiree chose Option 1, the COLA was calculated using the Maximum Option amount. Prior Cost-of-Living Adjustments are shown under the Current Earnings section of the retirement benefit *Statement of Allowances and Deductions* (check or EFT stub).

Retirees can also verify current allowance and deduction information at any time using the retiree account information available through MBOS or by calling the Automated Information System at (609) 292-7524.

Social Security — Your pension is not reduced by any Social Security benefits you may receive. There is an earnings test for people receiving Social Security

benefits who are under Social Security's full-benefit retirement age. Check with the Social Security Administration at 1-800-772-1213 for information on earnings limits before accepting employment after retirement.

REDUCTION OR SUSPENSION OF YOUR BENEFITS

Normally, you will receive retirement benefits as long as you live. Your benefits, however, could be reduced or suspended if:

- You return to a position covered by the PERS and are required to reenroll (see the *Employment after Retirement Restrictions* Fact Sheet).
- You return to employment with your former employer within 180 days (even in a voluntary capacity).
- You have a shortage in your account at the time of retirement.
- You receive salary from your employer for service rendered after your date of retirement.
- You waive your right to a portion of any pension to which you are entitled.
- As an Accidental Disability retiree, you receive periodic Workers' Compensation benefits after your retirement date.
- As a Disability retiree, you fail to appear for a periodic medical re-examination when requested to do so.
- As a Disability retiree, you fail to file your annual *Statement of Earnings* if requested.
- As a Disability retiree, your employment income exceeds the amount allowable by law. The NJDPB monitors the earnings history of retired members.
- If any discrepancies are found, excess retirement benefits must be repaid to the PERS.

- You fail to file a *Certificate of Eligibility* when you are asked to do so. This certificate is necessary, for example, if you or one of your beneficiaries has a change in marital status.

- You are incarcerated (although the Board of Trustees may permit the continuance of your benefits to your dependents).

- An accounting error is made and the PERS must be repaid.

Your pension is normally exempt from any liens against it. Exceptions are tax liens imposed by the IRS and court orders for child support, alimony, or equitable distribution.

A court order is effective only when you withdraw your funds or when you begin to receive monthly retirement payments. It is the responsibility of the member to be certain that the NJDPB is provided with copies of all court orders in order to comply with them.

Divorce or Dissolution of a

Civil Union/Domestic Partnership

The retirement system will implement matrimonial/civil union/domestic partnership dissolution court orders granting alimony, child support, or equitable distribution.

Matrimonial/partnership dissolution orders regarding your withdrawal from the retirement system will take effect if you voluntarily apply to withdraw your PERS account. See the "Withdrawal from the Retirement System" section.

Matrimonial/partnership dissolution orders regarding your retirement will not take effect until you retire and begin receiving a monthly retirement allowance. The court order can designate a specific dollar amount or percentage, or a percentage based on the number of years of pensionable service you accrued during the marriage/civil union, to be withheld from your retire-

ment allowance. The amount withheld is sent directly from the NJDPB to your former spouse/partner unless the order specifies another payee (i.e., a probation department).

Any court-ordered withholding paid to your former spouse/partner from your retirement allowance will terminate upon your death or the death of the former spouse/partner.

If the former spouse/partner is designated as the beneficiary under a PERS pension option — either voluntarily by the member or by the court order — the surviving former spouse/partner is entitled to the survivor's benefit for as long as he or she lives.

If another person is designated as the beneficiary of the pension option, the former spouse/partner cannot receive any equitable distributions from the survivor's benefit.

Misconduct

The receipt of retirement benefits is expressly conditioned upon the rendering of honorable service by a public officer or employee. In accordance with N.J.S.A. 43:1-3.1., your benefits may be reduced or forfeited if you are convicted of a crime in any way related to your employment, or if you are suspended or dismissed from your employment. See the *Honorable Service* Fact Sheet available on our website for further information.

EMPLOYMENT AFTER RETIREMENT

For most PERS retirees, working for a private industry, the federal government, or a government agency in another state will not affect your retirement benefits. Disability retirees are subject to an annual earnings test. See the *Disability Retirement Benefits (PERS & TPAF)* Fact Sheet.

For PERS retirees who resume public employment in New Jersey after retirement, there are several areas

of concern. To learn about the rules and regulations regarding post-retirement employment, please see the *Employment After Retirement Restrictions* Fact Sheet available on our website.

Active and Retired Death Benefits

OVERVIEW

(LRS, Prosecutors Part, and WCJ Part members see addendum)

Noncontributory and Contributory Group Life Insurance

As an active employee you may be covered by two types of group life insurance:

- **Noncontributory Group Life Insurance** is provided by your employer through the retirement system. There is no cost to you for this coverage.

- **Contributory Group Life Insurance** is life insurance for which you pay. The cost of the insurance is 0.5 percent (.005) of your base salary.

The law requires that you must be covered by contributory insurance for the first 12 months of your membership. After the 12 months have elapsed, you may voluntarily withdraw from contributory insurance coverage if you wish. A properly completed *Notice of Withdrawal from Contributory Group Life Insurance* must be filed with the retirement system before contributory coverage can be canceled. The cancellation cannot be retroactive. Once you have canceled this coverage, you cannot be reinstated during your current membership and your premium deductions will not be refunded.

Withdrawal from contributory insurance coverage applies only to the membership under which the cancellation is exercised. A member who cancels contributory insurance coverage and then withdraws from membership in the PERS will, upon subsequent re-enrollment in the PERS, be subject to new contributory life insurance coverage.

- All part-time crossing guards (see page 9) regardless of age, employees who are age 60 or older at the time of enrollment, or enrollees who have converted their insurance to a private policy and

returned to work, are ineligible for both noncontributory or contributory group life insurance coverage until they take and pass a medical examination.

Both Noncontributory and Contributory Group Life Insurance are covered by policies issued by the insurance carrier (Prudential Financial).

The amount of death benefits paid to your beneficiaries at your death depends on three factors:

- Your membership status at the time of death;
- Your last 12 months of salary; and
- Your age (if you are a Disability retiree).

Note: Group life insurance is only payable upon death of the member; there is no cash value for any unpaid Noncontributory or Contributory Group Life Insurance coverage.

Coverage for Active Members

When an active member dies, not as a result of an accident during regular or assigned duties, the named beneficiaries are entitled to the payment of group life insurance benefits and the return of the member's accumulated pension contributions with interest. See the "Accidental Death Benefit" section.

Note: A member must prove insurability when age 60 and older at the time of enrollment – this is validated by Prudential Financial.

Active Group Life Insurance Amounts

	Member with Noncontributory Insurance Only	Member with Both Noncontributory and Contributory Insurance
Age at Death	1 1/2 times salary	3 times salary
Any Age	1 1/2 times salary	3 times salary

Note: The definition of salary in this chart is the total base salary upon which your pension contributions were based during the year preceding your death during active service. If death occurs within the first year of enrollment, the amount of the noncontributory insurance is based on the base salary earned until the date of death. The amount of contributory insurance, however, is based on the full annual base salary.

Coverage for Retired Members

Life insurance for retired members of the PERS who enrolled on or after July 1, 1971, is payable only if the member retired with 10 or more years of pension service credit or retired on a Disability Retirement.

When a retired member dies, the named beneficiaries are entitled to the payment of any group life insurance benefits. Pension option beneficiaries are selected separately by the member at the time of retirement. See the "Optional Settlements at Retirement" section.

Retired Group Life Insurance Amounts

Type of Retirement	Death Before Age 60	Death After Age 60
Disability	1 1/2	3/16
Early & Veteran	3/16	3/16
Deferred	None	3/16
Service	N/A	3/16

Note: The fractions listed above are multiplied by the total base salary upon which pension contributions were based during the year preceding retirement.

CHOOSING A BENEFICIARY

When a member is enrolled in the PERS, the new member's estate is the beneficiary on record until the NJDPB receives a new *Designation of Beneficiary*.

Note: Active and retired members must complete the *Designation of Beneficiary* using MBOS.

When you submit the *Designation of Beneficiary*, you name beneficiaries for both your group life insurance benefits and the return of your pension contributions. You may name any person, organization, your estate, or trust as beneficiary. You may change your designation at any time during your active membership by submitting a new *Designation of Beneficiary*.

You will be asked on your retirement application to name a beneficiary(ies) for pension benefits and separately name beneficiaries for group life insurance benefits. Some restrictions apply to who may be named for pension benefits; however, you may name any person, organization, your estate, or trust as beneficiary for group life insurance benefits. See the "Optional Settlements at Retirement" section.

The designation of a beneficiary on a retirement application that is filed with and accepted by the NJDPB supersedes any older designation of beneficiary on file. The designation is effective upon acceptance by the NJDPB, even if the retirement date on the application is in the future or the member later cancels the retirement application.

Retirees may also change group life insurance designations at any time during retirement by submitting a new *Designation of Beneficiary* through MBOS.

If you have additional questions regarding designations, please see the *Beneficiary Designation* Fact Sheet.

For your protection, beneficiary designations cannot be accepted or confirmed over the telephone or by

email. Members can verify beneficiary designation on MBOS. Otherwise, the NJDPB will only accept a written request from the member to verify your beneficiary designation on file.

Divorce/Dissolution of Partnership

In cases of divorce or dissolution, N.J.S.A. 3B:3-14 states that even if your *Designation of Beneficiary* form indicates a former spouse/partner and/or relatives of the former spouse/partner as beneficiaries for life insurance, they cannot receive the benefit. Therefore, life insurance proceeds become payable to your remaining primary beneficiaries, if any, contingent beneficiaries, if any, or your estate. However, the following exceptions will be honored and considered valid:

- Court orders are filed that specifically designate your former spouse/partner to receive a life insurance benefit; or
- You file a *Designation of Beneficiary* after the final date of judgment that names your former spouse/partner and/or relatives of your former spouse/partner as the life insurance beneficiary.

PAYMENT OF GROUP LIFE INSURANCE

Group life insurance benefits for active members can be paid in one of several ways (group life insurance for retirees must be paid in a lump sum). The options are:

- **Lump Sum** — A single payment to your beneficiary(ies).
- **Annuity Certain** — Equal installments over a selected period of years.

- **Life Annuity** — Paid monthly to your beneficiary(ies) for life.
- Death benefits cannot be paid until all the necessary information including proper proof of death and claim forms have been received from your beneficiary by the NJDPB.

To report a death, contact the Office of Client Services at (609) 292-7524. A certified death certificate, obituary, or the employer's P-29 form is required to begin processing the claim.

Taxation of Group Life Insurance Payments

Information regarding death claim payments are supplied to the New Jersey Division of Taxation, in accordance with their requirements. A beneficiary or beneficiaries may be considered by the Division of Taxation to be personally liable for any and all inheritance and/or estate taxes until paid.

GROUP LIFE INSURANCE AND LEAVE OF ABSENCE

Your group life insurance coverage will continue in full force for an official leave of absence without pay under the following conditions:

- Up to two years while on an official leave of absence for personal illness. In this case, contributions are not necessary to continue coverage under the contributory plan.
- Up to one year while on an official leave to fulfill a residency requirement for an advanced degree or as a full-time student at an institution of higher education. In this case, contributions are necessary to continue coverage under the contributory plan (see note).

- Up to 93 days while on official leave for personal reasons and family leave. In this case, contributions are necessary to continue coverage under the contributory plan (see note).

An official leave of absence requires documentation that establishes the nature of the leave and the continuing relationship between the employer and the member.

Note: You may continue contributory life insurance coverage during these periods by forwarding a completed *Personal Insurance Contribution Remittance* form to the NJDPB along with a check made payable to "PERS CGIPF." The amount due to cover the premium is .005 of your monthly base salary in effect at the time you went on leave. To keep your contributory life insurance in effect, this premium must be paid within 31 days of the start of the official leave of absence. It is the member's responsibility to make contributory life insurance premium payments directly to the NJDPB. The *Personal Insurance Contribution Remittance* form is available from your employer or on the NJDPB website.

TAXATION OF GROUP LIFE INSURANCE PREMIUMS

The IRS classifies all employer-provided life insurance coverage over \$50,000 as a fringe benefit subject to taxation. The amount of life insurance coverage is not taxable, but the premium required to pay for the life insurance coverage is taxable.

To determine the taxable amount, if any, add the amount of your noncontributory coverage to your contributory coverage then subtract \$50,000 from that total. The premium rates are then applied to the remaining life insurance amount. The premium costs for the life insurance are determined by the IRS based on your age (see the "IRS Premium Rates" chart) and your salary. The premiums you pay for your contributory coverage (.005 x salary) are subtracted from the premium costs

determined by the IRS. The remaining premium cost, if any, is the taxable amount and is added to your income on the federal Form W-2 for that year.

Example: A PERS member is age 56 and has both Contributory and Noncontributory Group Life Insurance coverage.

The member's annual base salary is \$60,000. The member's life insurance coverage totals \$180,000 (3 x \$60,000).

The fringe benefit amount is determined by subtracting \$50,000 from the total benefit amount (\$180,000), which equals \$130,000 (\$180,000-\$50,000).

According to the IRS, the premium cost for an individual 56 years of age is \$.16 per \$1,000 of coverage. The premium cost in this example is \$670.80 (130 x \$.16).

Under the PERS, members pay premiums equal to 0.5 percent of base salary for contributory coverage. In this example, the member pays \$300.00 per year for life insurance coverage (.005 x \$60,000).

The net taxable value of the premiums is \$370.80 (\$670.80 - \$300.00) and would be added to this member's Form W-2. This does not mean that the member would pay an additional \$370.80 in taxes but that \$370.80 would be added to the member's taxable wages for the year.

IRS Premium Rates*
(Annual cost per \$1,000 of coverage)

Age	Premium
Under age 25	\$0.60
25-29	\$0.72
30-34	\$0.96
35-39	\$1.08
40-44	\$1.20
45-49	\$1.80
50-54	\$2.76
55-59	\$5.16
60-64	\$7.92
65-69	\$15.24
70 and older	\$24.72

*These rates are subject to change by the IRS

WAIVING NONCONTRIBUTORY GROUP LIFE INSURANCE OVER \$50,000

PERS members are permitted to waive their Noncontributory Group Life Insurance over \$50,000 to avoid a possible federal and State tax liability on that benefit.

Waivers of partial amounts are not permitted. Any member who waives noncontributory insurance must waive the total amount of noncontributory coverage in excess of \$50,000.

Even if a member waives the noncontributory insurance over \$50,000, there still may be a federal tax liability for some PERS members who have contributory insurance coverage.

In the previous example, the member's noncontributory coverage equals \$90,000 (1.5 x \$60,000). In this example, the member could waive \$40,000 of noncontributory coverage because members are only permitted to waive noncontributory coverage over \$50,000. The net

taxable value would be reduced to \$164.40 by subtracting the premium for \$40,000 (\$206.40) from the taxable premium shown above (\$370.80 - \$206.40).

You may waive your Noncontributory Group Life Insurance coverage in excess of \$50,000 by completing a *Waiver of Group Life Insurance in Excess of \$50,000* form and submitting it to the NJDPB. The form is available from the NJDPB or your employer. The waiver form must be received by the NJDPB before December 31 in order to be effective January 1 of the following calendar year. Once a waiver form has become effective, it shall be irrevocable for the entire calendar year. The waiver will remain in effect until you submit another waiver form opting to reinstate coverage to the NJDPB. The reinstatement will become effective the following January 1.

If a waiver is in effect at the time of termination of employment or retirement, you will not be permitted to convert any amount of your Noncontributory Group Life Insurance coverage over \$50,000.

Before completing the waiver, you should completely understand the ramifications of waiving your noncontributory insurance. For more information, refer to IRS Publication 525, *Taxable and Nontaxable Income*.

CONVERSION OF GROUP LIFE INSURANCE

If you are covered by group life insurance while employed, the coverage ends 31 days after you cease employment, whether for reasons of retirement, termination of employment, or leave of absence without pay.

You are eligible to convert your group life insurance coverage to an individual policy with Prudential Financial, without medical examination and at your own expense, when you retire, terminate employment, or lose coverage while on a leave of absence without pay. See the *Conversion of Group Life Insurance* Fact Sheet for details.

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 eligible beneficiaries may be entitled to an Accidental Death Benefit in addition to any group life insurance benefit. See the "Active and Retired Death Benefits" section.

- N.J.S.A. 43:15A-49, provides an Accidental Death Benefit to eligible beneficiaries of an active PERS member who dies as a result of service in either the reserve component of the Armed Forces of the United States or the National Guard while on federal active duty on or after June 1, 2008. The benefit is the same as if the member died as a result of an accident sustained in the performance of PERS duties.

If an Accidental Death Benefit is approved by the Board of Trustees, your widow, widower, civil union partner, or domestic partner (see definitions to follow) is paid an annual pension of 50 percent of your Final Salary. Final Salary is the total base salary on which your pension contributions were based during the last year (10 or 12 months) before your death or the accident which led to your death. This benefit is a lifetime benefit to your widow, widower, or partner unless he or she remarries or enters into a new civil union or domestic partnership.

If there is no eligible widow, widower, or partner, or if the widow, widower, or partner remarries or enters a new civil union or domestic partnership, a pension is paid to your eligible children in these amounts:

- 50 percent of Final Salary to three or more eligible children, shared equally;
- 35 percent of Final Salary to two eligible children, shared equally; or
- 20 percent of Final Salary to one eligible child.

If there is no eligible widow, widower, partner, or children, a pension will be paid to your eligible dependent parent(s) in these amounts:

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

Your eligible beneficiaries for an Accidental Death Benefit are:

- **Widow or Widower** — A person to whom you were married before the date of death and to whom you continued to be married until the date of your death, and who was receiving at least one-half support from you in the 12 months immediately preceding your death or the accident which led to your death. A photocopy of the *Marriage Certificate* is required for verification.

- **Civil Union Partner** — A person of the same sex as defined by N.J.S.A. 37:1-29, with whom you were partnered in a civil union until the date of your death and who was receiving at least one-half support from you in the 12 months immediately preceding your death or the accident which led to your death. 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 (see the *Civil Unions and Domestic Partnerships* Fact Sheet for details).

- **Domestic Partner** — A person of the same sex as defined by N.J.S.A. 26:8A-3, with whom you were partnered in a domestic partnership until the date of your death and who was receiving at least one-half support from you in the 12 months immediately preceding your death or the accident which led to your death. For an employee of a local public entity, the local entity's governing body must have adopted a resolution to provide Domestic Partner pension benefits. A photocopy of the *New Jersey*

SCHEDULE E. MEDICAL COVERAGE

County of Passaic 2022 Health Plan Comparison Summary

	H S A		P O S		E P O	
	IN-NETWORK AETNA Choice POS II	OUT-OF-NETWORK	IN-NETWORK AETNA Choice POS II	OUT-OF-NETWORK	IN-NETWORK ONLY AETNA Choice	
WELLNESS (Routine Care)						
Physical Exams	100%	60%, deductible waived	100%	60%, deductible waived	100%	
Well Child Care (Including Immunizations)	100%	60%, deductible waived	100%	60%, deductible waived	100%	
Mammogram (Test and Reading)	100%	60%, deductible waived	100%	60%, deductible waived	100%	
Pap Smears (Test and Reading)	100%	60%, deductible waived	100%	60%, deductible waived	100%	
Prostate Blood Test (Test and Reading)	100%	60%, deductible waived	100%	60%, deductible waived	100%	
Fecal Occult Screening (Test and Reading)	100%	60%, deductible waived	100%	60%, deductible waived	100%	
MAJOR MEDICAL						
Deductible (Ded)	\$2,500/Individual \$5,000/Family	\$2,500/Individual \$5,000/Family	\$0 \$0	\$2,000/Individual \$4,000/Family	\$0/Individual \$0/Family	
Coinurance Percent	80%	60%	100%	60%	100%	
Medical Out-of-Pocket Maximum (including Medical copays and deductible)	\$5,000/Individual \$10,000/Family	\$10,000/Individual \$20,000/Family	\$5,000/Individual \$10,000/Family	\$5,000/Individual \$10,000/Family	\$2,500/Individual \$5,000/Family	
Annual Maximum Per Family Member	UNLIMITED	UNLIMITED	UNLIMITED	UNLIMITED	UNLIMITED	
Lifetime Maximum Per Family Member	UNLIMITED	UNLIMITED	UNLIMITED	UNLIMITED	UNLIMITED	
HOSPITAL BENEFITS						
In-Patient	80% after deductible	60% after deductible	100%	60% after deductible	\$250 copay per day, then 100% (maximum 5 Copays per admission)	
Out-Patient	80% after deductible	60% after deductible	100%	60% after deductible	\$200 copay, then 100%	
Emergency Room	80% after deductible	60% after deductible	100%; \$50 copay	100%; \$50 copay	\$100 copay, then 100%	
SURGICAL BENEFITS						
In-Patient	80% after deductible	60% after deductible	100%	60% after deductible	100%	
Out-Patient	80% after deductible	60% after deductible	100%	60% after deductible	100%	
PHYSICIANS OFFICE VISITS	80% after deductible	60% after deductible	100% after \$20 copay	60% after deductible	100% after \$20 copay	
SPECIALIST OFFICE VISITS	80% after deductible (no referral needed)	60% after deductible	100% after \$40 copay (no referral needed)	60% after deductible	100% after \$20 copay (no referral needed)	
LABORATORY SERVICES (Bloodwork)	80% after deductible	60% after deductible	100%	60% after deductible	100%	
DIAGNOSTIC & X-RAYS	80% after deductible	60% after deductible	100%	60% after deductible	100%	
RADIOLOGY, ULTRASOUND, CT, MRI	80% after deductible	60% after deductible	100%	60% after deductible	100%	
MENTAL/NERVOUS AND SUBSTANCE ABUSE						
In-Patient	80% after deductible	60% after deductible	100%	60% after deductible	\$250 copay per day, then 100% (maximum 5 Copays per admission)	
Out-Patient	80% after deductible	60% after deductible	100% after \$20 copay	60% after deductible	100% after \$20 copay	
ADDITIONAL MEDICAL BENEFITS						
Therapeutic Manipulations	80% after deductible	60% after deductible	100% after \$20 copay <u>25 visits calendar year maximum</u>	60% after deductible <u>25 visits calendar year maximum</u>	100% after \$20 copay <u>25 visits calendar year maximum</u>	
Short Term Therapy Services (PT/OT/ST)	80% after deductible <u>30 visits calendar year maximum</u>	60% after deductible <u>30 visits calendar year maximum</u>	100% after \$20 copay <u>30 visits calendar year maximum</u>	60% after deductible <u>30 visits calendar year maximum</u>	100% after \$20 copay <u>30 visits calendar year maximum</u>	
Home Health Care	80% after deductible	60% after deductible	100% <u>100 Days calendar year maximum</u>	60% after deductible <u>60 Days calendar year maximum</u>	100% <u>100 Days calendar year maximum</u>	
Skilled Nursing Facility	80% after deductible	60% after deductible	100%	60% after deductible	100%	
Hospice	80% after deductible	60% after deductible	100%	60% after deductible	100%	
Ambulance Services - Emergency only ***Non Medical Emergency Not Covered**	80% after deductible	60% after deductible	100%	60% after deductible	100%	
Medical Supplies and Durable Equipment	80% after deductible	60% after deductible	100%	60% after deductible	50%	
Prescription Drug - Option 1	Covered under Medical (MMRX 80%)		\$5/\$10 (1x MO)		\$5/\$10 (1x MO)	
Prescription Drug - Option 2	Covered under Medical (MMRX 80%)		\$20/\$40/\$60 (1x MO)		\$20/\$40/\$60 (1x MO)	
Medical Program						
		H S A		P O S		E P O
Single		\$604.93		\$662.87		\$745.76
2 Adults		\$1,297.42		\$1,426.66		\$1,605.04
Family		\$1,542.64		\$1,697.12		\$1,873.35
Parent/Child(ren)		\$756.12		\$829.64		\$933.36
Prescription Drug		MMRx		\$5/\$10 (1x MO)		\$5/\$10 (1x MO)
Single		\$0.00		\$413.23		\$239.18
2 Adults		\$0.00		\$871.91		\$504.68
Family		\$0.00		\$1,037.20		\$1,037.20
Parent/Child(ren)		\$0.00		\$590.89		\$342.02
Annual Premium Rates (Medical and Rx)						
Combined		Total		Total		Total
Single		\$7,259.16		\$12,913.20		\$13,907.88
2 Adults		\$15,569.04		\$27,582.84		\$29,723.40
Family		\$18,511.68		\$32,811.84		\$34,926.60
Parent/Child(ren)		\$9,073.44		\$17,046.36		\$18,291.00
				\$14,059.92		\$15,304.56

Note: All treatment is subject to a Please refer to SPD for complete benefit