Welcome to the Alternate Benefit Program (ABP) Retirement Seminar

Sponsored by University Human Resources
848-932-3990
ABP Retirement Seminar Outline

- Steps to retirement
- Receiving your retirement income
- Health benefits at retirement
- Life insurance at retirement
- Information for staff employees
  - Determining last working day
  - Sick leave payout
  - Compassionate and Staff Leave Programs
- Employment after retirement
- Telephone contacts & useful websites
Steps to Retirement

- **6-8 months before retirement:**
  - Request information about payout options from investment carrier

- **4-6 months before retirement:**
  - Notify your department in writing of your intent to retire
  - Determine last working day (staff employees)
  - Retirement date will be the first of the month subsequent to the last day worked
  - Contact Social Security office if you plan to apply. (Age & date deadlines apply)

- **3 months before retirement:**
  - Send original, completed *Application for Retirement Allowance* to UHR (57 U.S. Highway #1, New Brunswick, NJ 08901-8554)
  - Make arrangements with carrier for payment options
  - If you or spouse/civil union/same-sex domestic partner is 65+, enroll in Medicare A & B
Steps to Retirement (cont.)

- **1 month before retirement:**
  - Call Prudential at 1-800-262-1112 for life insurance conversion if interested

- **Shortly before retirement:**
  - Enroll in retiree dental plan
  - If not electing health insurance coverage, ensure to waive

- **Shortly after retirement:**
  - Receive cash settlement or annuity from carrier
  - Sick leave payout, can be deferred up to one year (Legacy Rutgers staff employees)
  - Vacation payout (for Legacy UMDNJ staff employees only)
Receiving Your Retirement Income

- No minimum retirement age under the ABP
- Retirement income based on investment earnings and payout options
- How you receive your income is up to you
- Returns on contributions and earnings are taxable in the year they are received
- Consult your tax advisor
Employees Who Attained 25 or More Years of Service Credit on or Before July 1, 1997

- No contributions required for all Retired Group State Health Benefits
- Health benefits include medical and prescription drug coverage
- Full reimbursement for standard cost of Medicare Part B premium (per individual) provided by the State
Employees Who Attained 25 or More Years of Service Credit After July 1, 1997 and Before June 30, 2007

- No contributions required for selective Retired Group State Health Benefits (i.e. Aetna Freedom/NJ Direct 15)

- If electing NJ Direct 10 and Aetna Freedom 10, contributions required for Retired Group State Health Benefits

- Rates for retirees who share the cost of their coverage: [http://www.state.nj.us/treasury/pensions/hb_open_enrollment_2016/hr0744.pdf](http://www.state.nj.us/treasury/pensions/hb_open_enrollment_2016/hr0744.pdf)

- $46.10 - partial reimbursement of Medicare Part B premium (per eligible covered individual)
Employees Who Attained 25 Years of Service Credit After June 30, 2007 and before June 28, 2011

- Health contribution of 1.5% of 50% of the last annual salary received prior to retirement unless the retired member is enrolled in the Retiree Wellness Program
- NJ Direct 10 and Aetna Freedom 10 are not available
- Partial reimbursement of $46.10 for Medicare Part B premium if hire date is prior to July 1, 1995
- Waived if enrolled in the SHBP Retiree Wellness Plan:
  - Complete Health Assessment Tool (HAT)
  - Agree to and submit annual Pledge for Healthier Living
  - Complete Annual Physical and Annual Wellness Certification
  - Have appropriate tests and screenings when recommended
  - Participate in health plan’s disease management program when recommended
Employees Who Attained 20 or More Years of Service Credit Before June 28, 2011 But Must Still Attain 25 Years of Service Credit Prior to Retirement

- Health Contribution is 1.5% of 50% of the last annual salary received prior to retirement
- NJ Direct 10 and Aetna Freedom 10 are not available
- Partial reimbursement of $46.10 for Medicare Part B premium if hire date is prior to July 1, 1995.
Employees Who Attained 25 Years of Service Credit on or After June 28, 2011

- Health contribution is based on the applicable percentage of premium (Phase 4) based on 50% of the last annual salary prior to retirement

- NJ Direct 10 and Aetna Freedom 10 are not available

- Partial reimbursement of $46.10 for Medicare Part B premium if hire date is prior to July 1, 1995
Employees Who Attained 25 Years of Service Credit on or After June 28, 2011 – Calculation Example

- Jane Doe is retiring on July 1st. Her last annual base salary is $100,000
- 50% of salary = $50,000
- Phase 4 percentage: 20%
- 2017 full cost of NJ Direct 15 with Prescription (single non-Medicare): $1,285.78 per month
- 20% of $1,285.78 = $257.15 per month
Employees Who Retire With Less Than 25 Years of Service Credit

- Option to enroll in Retired Status State Health Benefits Insurance plans

- Required to pay full group rate, available on State and UHR websites: http://www.state.nj.us/treasury/pensions/hb_open_enrollment_2016/local-gov-retired-full.pdf

- Do not qualify for reimbursement of Medicare Part B premium
Surviving Spouses or Civil Union/Same-Sex Domestic Partners of Employees with 25+ Years of Pension-Credited Service

- Surviving spouse or civil union/same-sex domestic partner may continue retiree health
- Will be required to pay full group rate
- Will not qualify for reimbursement of Medicare Part B premium
Health Benefits at Retirement

- Active medical, prescription drug and dental coverage continues to end of retirement month

- Retiree medical benefits begin the first day of the month following retirement

January 1 retirement example:

- Active employee health (Medical & Prescription) and dental benefits will end January 31

- Retiree health (Medical & Prescription) and dental benefits will begin February 1

- If not electing health insurance coverage, ensure to decline/waive

Retiree Health eligibility and premium sharing are determined by NJ State Law and the NJ Division of Pensions and Benefits and are subject to change.

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Enrolling in Retired Group State Health Benefits

- Must take a minimum $1,000 distribution to qualify for retired health benefits
  - Contact investment financial carrier for the necessary cash withdrawal form
  - Refer to Page 2 of Retirement Allowance Application, "Things You Should Know At Retirement”

- Return completed health enrollment application to:
  - UHR (57 U.S. Highway #1, New Brunswick, NJ 08901-8554)

- Applications available on UHR website:
  - Non-Medicare Retired Coverage Enrollment Application: 
    http://www.state.nj.us/treasury/pensions/epbam/exhibits/pdf/hr0943.pdf
  - Medicare Eligible Retired Coverage Enrollment Application: 
    http://www.state.nj.us/treasury/pensions/epbam/exhibits/pdf/hr0944.pdf
Enrolling in Retired Group State Health Benefits (Cont.)

Medicare Part A and Part B Enrollment

- Upon retirement, retiree must mail to the State proof of enrollment for Medicare Part A and Part B if retiree and/or dependent is 65 or older.

- Social Security Administration works with Medicare Services by enrolling Medicare eligible members.

- To enroll call Social Security Administration at 1-800-772-1213.
Enrolling in Retired Group State Health Benefits (Cont.)

Medicare Part A and Part B Enrollment

- You will receive a Request for Employment Verification from Social Security Administration
- Call Benefits Administration to certify SHBP coverage: 848-932-3990
- Return certified forms to Social Security Administration
Enrolling in Retired Group State Health Benefits (Cont.)
Medicare Part A and Part B Enrollment

- Medicare will mail Medicare Part A and Part B card

- Mail proof of Medicare coverage to the State to complete processing of health insurance:
  - Division of Divisions and Benefits to P.O. Box 299, Trenton, N.J. 08625-0299
Retiree Dental Plans

- Retirees pay full cost

- **Dental Plan Options:**
  - Dental Expense Plan administered by Aetna
  - 5 Dental Plan Organizations:
    Aetna DMO, Cigna, Healthplex, Horizon Dental Choice, MetLife

- More information available:
Health Benefit Coverage Changes

- Coverage may be changed at any time provided that you have been with that same health plan for at least 12 months or due to rate increases
- Coverage changes after a qualifying event
- For questions regarding coverage call the Division of Pensions and Benefits Retiree Benefits Office at 609-984-1683
Non-Medicare (Under Age 65) SHBP Enrollment Form

Retiree Health/Dental Application:
http://www.state.nj.us/treasury/pensions/epbam/exhibits/pdf/hr0943.pdf
Medicare (Age 65+) SHBP Enrollment Form

Retiree Health/Dental Application:
http://www.state.nj.us/treasury/pensions/epbam/exhibits/pdf/hr0944.pdf

Aetna Medicare Advantage FAQ:

Horizon Medicare Advantage FAQ:
http://www.state.nj.us/treasury/pensions/pdf/hb/ma-faq.pdf
Cancel/Decline/Waive Retired Coverage Form

- If not electing health insurance coverage, please complete and submit the Cancel/Decline/Waive Retired Coverage Form

http://www.state.nj.us/treasury/pensions/epbam/exhibits/pdf/hr0943.pdf
Life Insurance at Retirement

- Must take minimum distribution within 30 days of retirement date
- Must have 10 years of service credit
- Must be at least age 60
- Amount = \( \frac{1}{2} \) (one-half) of the annual base salary
Conversion of Life Insurance

- One time option to convert to individual private policy through Prudential
- Must be done no later than 31 days after retirement date
- Cannot be denied for health reasons
- May want to contact other carriers for comparable life insurance rates
- To convert, contact the Prudential Group Life Conversion department at 1-877-889-2070
- You can use the online Prudential Life Insurance calculator at: [http://www.state.nj.us/treasury/pensions/conversion-calc.shtml](http://www.state.nj.us/treasury/pensions/conversion-calc.shtml)
- Group number is G-14800
Conversion of Life Insurance Example

- Annual Base Salary prior to retirement = $70,000
- Total death benefits as an active member = $245,000 (3.5 x $70,000)
- Life insurance benefit after retirement = $35,000 (1/2 x 70,000)
- Amount eligible to convert = $210,000 ($245,000 - $35,000)
Determining Last Working Day

- Employee and department should come to an agreement regarding last day of work
- Plan ahead, last day in office may be several weeks or months before actual retirement date

**Legacy Rutgers:**
- Unused vacation, earned vacation, AL and PH days must be used prior to retirement
- Pay Leave Bank (PLB) days may be used prior to retirement or paid out at retirement

**Legacy UMDNJ:**
- AL and PH days must be used prior to last pay date
- Unused vacation time may be paid after receipt of final check
Last Day of Work

Calculation Example for **Legacy Rutgers** Employees

- Joe’s retirement date = June 1
- Joe earns 20 vacation days per year
- Days remaining:
  - Number of vacation days remaining = 10
  - Number of AL days remaining = 1
  - Number of PH days remaining = 2
  - Number of vacation days he will earn (July – May) = 18
  - Memorial Day (Paid University holiday ) = 1
  - Total days to be used prior to retirement = 32
- Count backwards 32 days from June 1
- Joe’s last work day = April 15
- To review your accruals records log on to your Rutgers portal: [https://my.rutgers.edu](https://my.rutgers.edu)
Last Day of Work

Calculation Example for **Legacy UMDNJ** Employees

- Eric’s retirement date = June 1
- Eric earns 20 vacation days per year
- **Days remaining:**
  - Number of vacation days remaining = 7
  - Mandatory Leave = 1
  - Administrative Leave = 2
  - Personal Holidays = 2
  - University holiday (Memorial Day) = 1
  - Total days to be used prior to retirement = 13
- Count backwards 13 work days from June 1
- Eric’s last work day = **May 13**
- To review your accruals records log on to the employee portal: [https://my.rutgers.edu](https://my.rutgers.edu)
Sick Leave Payout

- Eligible staff employees receive 1/2 the balance of their sick days up to $15,000:
  - All applicable taxes will be deducted
- Allow 4 to 6 weeks processing time and ensure to update your address in the employee self service system.

Legacy Rutgers:

- You may defer sick leave payout by completing the “Sick Leave Payout at Retirement Deferral” available at UHR website:

Legacy UMDNJ:

- Cannot defer sick leave payout
Compassionate Leave Program for **Legacy Rutgers** Staff

- Donated-leave bank program for qualifying managerial, professional, supervisory, and confidential employees, as well as members of the URA-AFT and AFSCME Local #888, who experience catastrophic health conditions and will exhaust all of their paid time off.

- Eligible employees can donate up to 100 vacation and/or sick leave days to the leave bank

- To donate, complete and submit *Donation to Bank* form available at: [http://uhr.rutgers.edu/policies-resources/forms/compassionate-leave](http://uhr.rutgers.edu/policies-resources/forms/compassionate-leave)

- Donations can also be completed online: [http://hrapps.rutgers.edu/ars/Main.aspx](http://hrapps.rutgers.edu/ars/Main.aspx)
Staff Leave Donation Program for **Legacy UMDNJ Staff**

- The Staff Leave Donation Program for employees in legacy UMDNJ positions allows employees with accrued paid time off to donate their accrued sick or vacation to co-workers experiencing life-threatening or catastrophic illnesses, or to those who must care for a family member.

- Eligible employees can donate up to 10 vacation and/or sick leave days to the leave bank

- Must submit a written request to the Director of Compensation
Employment After Retirement

- You must agree to and sign the terms and conditions on the ABP Request for Retirement Allowance
  - Complete severance of employment from the university
  - No pre-retirement planning allowed
  - **Must get written approval if retired and returning to public employment**

- If you fail to sign the acknowledgement, your application for retirement allowance will not be processed

- For additional information, please refer to:
  - [http://www.state.nj.us/treasury/pensions/pdf/factsheets/fact86.pdf](http://www.state.nj.us/treasury/pensions/pdf/factsheets/fact86.pdf)
New Jersey State Employee Deferred Compensation Program
Section 457 of the IRC
Voluntary Pre-Tax Employee Contributions

- Contact Prudential Financial directly to begin receiving distribution

- Distribution options:
  - A one-time lump-sum payment
  - A portion of your account in a specific dollar amount
  - Periodic installment payments

- For your questions about the plan, your account and necessary forms please call, 866-657-3327

- Information available at: www.prudential.com/njsedcp
Flexible Spending Account (FSA)
Voluntary Pre-Tax Employee Contributions

- Ensure to claim remaining funds, submit cancellation to WageWorks

- The Unreimbursed Medical Flexible Spending Account (Medical FSA):
  - Ceases on last day of the month
  - COBRA option available

- The Dependent Care Flexible Spending Account (Dependent FSA):
  - Ceases on last day of the month
  - No COBRA option available

- For additional information, please call WageWorks at: 855-428-0446
Telephone Contacts

State Division of Pensions and Benefits:
  - Retiree Benefits  609-984-1683
  - Client Services  609-292-7524

Deferred Compensation  866-657-3327

Benefits & Wellness Unit
University Human Resources  848-932-3990

Social Security  800-772-1213

Internal Revenue Service  800-829-1040

NJ Division of Taxation  800-323-4400
## State-authorized Investment Carriers

<table>
<thead>
<tr>
<th>Carrier</th>
<th>Phone Number</th>
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<tbody>
<tr>
<td>AXA Equitable</td>
<td>866-752-0072</td>
</tr>
<tr>
<td>Mass Mutual</td>
<td>848-248-4875</td>
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<tr>
<td>MetLife</td>
<td>732-623-5700</td>
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<tr>
<td>Prudential</td>
<td>855-652-2711</td>
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<tr>
<td>TIAA</td>
<td>800-842-8412</td>
</tr>
<tr>
<td>VALIC</td>
<td>800-448-2542</td>
</tr>
<tr>
<td>VOYA Financial</td>
<td>877-873-0321</td>
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Useful Websites

- University Human Resources
  http://uhr.rutgers.edu/

- Internal Revenue Service (IRS)
  http://www.irs.gov/

- Medicare
  http://www.medicare.gov/

- Social Security Online
  http://www.ssa.gov/

- NJ Division of Pensions and Benefits
  http://www.state.nj.us/treasury/pensions/

- Medicare Advantage Plans:
  http://www.state.nj.us/treasury/pensions/med-advantage.shtml
Thank you for attending the ABP Retirement Seminar

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