NJ STATE FMBA

SURVIVOR INFORMATION BULLETIN

RETAIN AND KEEP IN A SAFE PLACE

PREAMBLE

REMEMBER THAT YOUR ACTIVE AND RETIRED ASSOCIATIONS ARE CONSTANTLY STRIVING FOR IMPROVED WORKING, PENSION AND RETIREMENT BENEFITS AND THAT CONTRACTUAL AND LEGISLATIVE EXACTMENTS AND AMENDMENTS AS WELL AS ADMINISTRATIVE AND CASE LAW MAY AFFECT FUTURE BENEFITS FROM TIME TO TIME. OUR UNITED EFFORTS ARE REQUIRED, NOT ONLY TO PROTECT PRESENT BENEFITS BUT TO BE AWARE OF THE EVER-CHANGING ECONOMIC AND POLITICAL CLIMATE IN ORDER TO BRING ABOUT NECESSARY IMPROVEMENTS.

Disclaimer:
The information listed therein is believed to be accurate as of this printing, and that there is no guarantee of any benefits being made by your local or the FMBA. All information given must be confirmed with the applicable agency (Division of Pensions, Social Security Agency, NJ State Firemen’s Assoc., employing agency, local bargaining unit, etc.) at the time of claim.
REMINDER IN CASE OF RETIREES DEATH

In the event of a retired member's death, a family member or survivor of the deceased should contact the Division of Pensions and benefits immediately to report the retiree's death. The Division of Pensions and Benefits requires the following information: the member's name, current address, Social security number, date of death, and the prospective beneficiary's name, address, and telephone number (or the name, address and telephone number of the person handling the deceased's affairs). Contacting the Division by telephone, by calling 609-292-7524 and selecting the option to "Report a Death", or by email at: pensionsnj@treas.state.nj.us are both acceptable means of reporting a member's death to the Division of Pensions and Benefits. Upon notification, the claim will be opened and the last designated beneficiary on file will be notified.

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% of your Final Compensation, plus 15% of your Final Compensation for one eligible child or 25% of your Final Compensation for two or more eligible children.

IMPORTANT- THE REPORT OF DEATH MUST BE FILED WITH THE DIVISION WITHIN 60 DAYS OF THE EVENT.

The list of Reminders is provided to our members in order that they may alert their spouses and/or members of their family about procedures to be followed in the event of their death. These reminders will apply to some extent to members of all of the Pension Systems, i.e. the Consolidated Police and Firemen's Pension Fund (1920 Act), the Police and Firemen's Retirement System (1944 Act) and to those who are members of the Public Employees Retirement System classified as Law Enforcement Officers.

NOTIFICATIONS

These should be made as soon as possible upon the demise of a member. (There may be certain financial benefits or services available to the surviving spouse and/or for dependant children.)

Notify Division of Pensions and Benefits, Client Services Section — 1 (609) 292-7524
Notify the Employing Agency from which the member retired.
Notify the Office of your local.
Notify any Veteran, Fraternal, Benevolent, Religious, Social or Civic organization with which the deceased was affiliated.
Notify your Local Relief Association Official to have the paperwork filed for the death benefit if the member is qualified. For a fully qualified member the death benefit is $10,500 for funeral expenses.
For other questions regarding the death benefit call the
NJ State Firemen’s Association
1700 Galloping Hill Rd
Kenilworth, NJ 07033-1303
Phone: 908-620-1870
Toll Free: 1-800-852-0137
Fax: 908-620-1874

When making these notifications have the following information ready:

Date of Death
Name and Address of Funeral Home
Dates and Hours of Visitation and Funeral Service
Date and place of Interment
PFRS Membership/Retirement Number

SOCIAL SECURITY

Give the Funeral Director the deceased’s Social Security Number for available
death benefits. Surviving spouse may qualify for Survivor and other benefits. Make a
claim with the local Social Security Office. 1 800 772-1213

VETERAN

Give the Funeral Director the veteran’s Service Serial Number and Branch of
Service and any other information available, particularly if the Veteran was receiving any
disability payments.

There are limited Veteran’s benefits available, including burial expenses,
headstone, and others. If the deceased was a member of a Veteran’s Organization, contact
their Service Officer for full details on how to obtain these benefits.

PENSION CHECK

If the last pension check was not personally endorsed before the death of a
member of any of the Pension Funds, it must be returned to the Division of Pensions. The
surviving spouse will receive a pension check for that month for the amount of the
deceased’s pension. The survivor’s checks will begin as of the following month but if
delayed; the benefit will be adjusted back to the date of member’s death.
DEATH AND PENSION BENEFIT FORMS

When a retired member of the Police and Firemen's Retirement System dies, the family or survivors should notify the Division of Pensions and Benefits at (609) 292-7524 and provide the following information:

- The full name of the deceased;
- The deceased's Social Security, pension membership or retirement number;
- The date of death; and
- The name, mailing address, and telephone number of the person handling the deceased's affairs.

Forms for Benefits due to a surviving spouse or eligible beneficiary of a Deceased Retiree can only be obtained from the:

State of New Jersey
Division of Pensions and Benefits
PO Box 295
Trenton, New Jersey 08625-0295
Telephone No. (609) 292-7524

Once a member's death is reported, the Division reviews the member's account to determine what benefits, if any, are due. The Division informs the named beneficiary or beneficiaries by letter of the benefits payable and sends the necessary claim form.

The processing time for paying a claim depends entirely upon when the Division receives the following items from the beneficiary:

- A certified death certificate; a photocopy is not acceptable; this is also needed for Relief Death Benefits
- Copy of your marriage certificate;
- All claim forms, properly completed; and,

Any un-cashed pension checks sent to a deceased retiree (any monies due will be reissued to the beneficiaries or the estate)

These are essential documents and processing will not take place without them as well as proper completion of other required forms. Certain forms must be signed by the claimant and notarized before submission. (To avoid delays please check for accuracy, signatures and required notarization.)

DEATH CERTIFICATES

Death Certificates are provided by the Funeral Director for a fee. Be certain to obtain a sufficient quantity of them at the outset. A Certified Death Certificate will be needed for each and every claim that is made for any benefit, insurance claim, bank
account, investment account, or other claims. A Death Certificate will be necessary even though accounts were in both names of the deceased and the surviving spouse or other beneficiary. (Certificates are also available from the Local Register of Vital Statistics.)

HEALTH BENEFITS

Check Medicare coverage and other Health Insurance for final hospital and doctor’s bills. Check with Health Insurance Company that covered the deceased and with the former employing agency to determine the extent of coverage for the surviving spouse and dependants. This is extremely important. Each employing agency has different agreements. Some employers pay all or part of the premium for retirees and dependents. Some do not.

Coverage under COBRA may extend to 36 months. A surviving spouse and/or other dependents may be left with no health insurance coverage, or the coverage may extend for only a limited period of time. Check with other retirees from your agency. If the deceased was covered under the State Health Plan, the surviving spouse and/or dependents may be able to continue in that plan. Check this with the Division of Pensions and Benefits as soon as possible as there may be cut-off periods.

If the member was retired at the time of death and was covering eligible dependents under the State Health Benefits Program (SHBP), the eligible dependents receive an information packet with instructions on continuing coverage under SHBP. The premium, if any, will be deducted from the pension check. If the member had health insurance paid through employer, the spouse must contact the former employer about continuing coverage.
SURVIVOR PENSION BENEFITS

Upon the death of a retired member, a surviving spouse is eligible to receive a pension benefit equal to 50 percent (50%) of the member’s final compensation (last 12 months of salary paid to the member while active service), plus 15 percent (15%) of your Final Compensation for one child or 25 percent (25%) of your final compensation for two or more children.

“Spouse” means a person to whom you are legally married. (There is no length of marriage requirement.)

“Child” means your unmarried child:

• Under the age of 18; or
• 18 years of age or older and enrolled in high school, or
• Of 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 PFRS Medical Review Board.

NOTE: AT THIS TIME ALL COLA BENEFITS HAVE BEEN SUSPENDED

The Pension Adjustment Program provided a cost-of-living adjustment (or COLA) to the surviving spouse. The spouse will receive the pension benefit, as outlined above, plus COLA based upon the member’s year of retirement. See http://www.state.nj.us/treasury/pensions/cosalchart.htm for COLA increases. The present COLA adjustment is 60% of the consumer price index, and pertains to all State Pension Systems. Survivor COLA Benefits are pro-rated.

LIFE INSURANCE

In addition to a monthly pension benefit, the surviving spouse may be entitled to a life insurance benefit if they are the named beneficiary. The beneficiary will receive group life insurance equal to 1/2 of the member’s final compensation.

If the member retired on a Disability Retirement, the amount will be equal to 3 1/2 times final compensation until age 55, when it will be reduced to 1/2 of final compensation.

Group life insurance is in effect only if the member had group life insurance coverage while active membership and retired with at least 10 years of pension membership credit or on a disability retirement. For more information on survivor benefits, each retirement system has a member handbook that explains the benefits in detail. The handbooks for all New Jersey State-administered retirement systems can be found at: www.state.nj.us/treasury/pensions
FEDERAL AND STATE INCOME TAX

The surviving spouse, if a joint return, or the estate, is entitled to the personal exemption for the full year in which death occurred. Non-residents are exempt from N.J. Income Tax on Pensions. Residents, age 62 or older are permitted exclusion of all, or a part of income received during the year from the taxable pensions, annuities and IRA withdrawals. Be sure to check your status in the Instructions on the New Jersey Income Tax Return bulletin or speak to your Tax Preparer before claiming this benefit.

Notice: To surviving spouses and/or dependents: If the deceased was retired on Accidental Disability Pension, this Pension, when properly reported, could have been exempt from Federal Tax liability. Survivors are entitled to the same exemption. Your accountant may not be aware of the procedure necessary to obtain this exemption.

CHECK FOR THESE ITEMS CAREFULLY

- Wills that may have been executed by the deceased.
- Banks which may have accounts with the deceased.
- Investment Accounts at Brokerage houses or banks for securities held for the deceased.
- Stocks and or Bonds held by the deceased.
- Real Estate or other property owned by the deceased.
- Check into continuation of the $250.00 Veteran's Property Tax Deduction if the deceased was a Veteran and owned Real Estate in New Jersey.
- Check for Safety Deposit Boxes, obtain waivers to examine the contents, and examine the contents carefully to determine how they should be handled.

Note: All property owned by the deceased may pass to a surviving spouse without any tax obligation at both the Federal and State of New Jersey levels. If the decedent lived out of the State of New Jersey, check into the laws of the State in which the deceased resided for accurate information.

WARNING TO SURVIVING SPOUSES

*You may be extremely vulnerable for the period immediately following the death of a loved one.* This is a very difficult time of life and you may not be thinking as clearly as you would under ordinary circumstances. There are persons who prey upon the sorrows and difficulties of grieving families. Therefore, you are urged to be careful in your dealings with other persons, particularly strangers, who may approach you with some deal involving finances or other money matters. *No matter how good the deal sounds, wait until you have recovered your balance before conducting any business.*
Do not make hasty decisions. Give yourself time to consider all angles before making a decision that you may later regret. Do not be in a hurry to sell your house, or otherwise change your residence until you have a chance to make such a decision without the emotional interference of the immediate present.

The following are some examples of swindles that have been used on recently widowed persons:

- Attempts to collect a fictitious debt. Money that the deceased never owed.
- Delivery and attempt to collect payment for merchandise that was never ordered.
- Attempts to collect a final premium on a non-existent Life Insurance Policy before any benefits can be paid.
- Attempts to collect a final payment for some valuable item or other goods (usually never ordered) that require a final payment before delivery can be made.
- Phony Security salesmen promoting securities that the deceased was allegedly interested in.

Try to have a family member, good neighbor or a good friend remain at the house while attending to funeral matters.

CHANGE OF ADDRESS

Notify the Division of Pension and Benefits promptly upon a change in your address. CALL (609) 292-MOVE that's (609) 292-6683 weekdays between 9 A.M. and 4 P.M. (Except State Holidays) and speak with the Division employee who can take that information over the telephone.

TAX DEDUCTIONS FROM PENSION CHECK

Upon filing the proper W-4 Forms, the Pension Fund will withhold the amount you designate for both Federal and State of New Jersey Income Tax purposes.

VALUATION OF ASSETS

Remember to have the names changed on all assets that are in the name of the deceased. This is especially important for assets held in joint accounts, or in securities held as tenants in common, etc. The cost value of the share held by the deceased is stepped up to the value of the security on the date of death. This value is necessary, in the future, to be used as the Cost Basis in calculating capital gains or loses for the Internal Revenue Service when the asset is sold.

This stepped up value is extremely important for real estate that may be held in both the name of the retiree and the spouse, children, or other person. Stocks, Bonds, and other securities when held in joint ownership will also need this calculation. Based on the total valuation it may be necessary to do a Federal Estate Tax Return and/or a New Jersey Estate Tax return. In addition, based on the decedents' last will and testament, you may have to file a New Jersey Inheritance Tax Return. Please be sure to contact an accountant that is familiar with estate Tax Laws or an estate attorney.
PFRS Death Benefits

**PFRS Death is service/ Active member**

When an active member dies, but not as a direct result of regular or assigned duties, his or her named beneficiaries are entitled to the payment of the active group life insurance benefit. PFRS group life insurance benefits consist of Noncontributory Group Life Insurance ONLY, depending on the membership status at the time of death. In addition, the member’s surviving spouse, civil union partner, or eligible same-sex domestic partner will receive a pension of 50% of the member’s Final Compensation. If there is no surviving spouse, civil union partner or eligible same-sex domestic partner, a pension is paid to (a) dependent child(ren), in the amount of: 20% of Final Compensation to one child, 35% of Final Compensation to two children, or 50% of Final Compensation to three or more children. If there is no spouse, civil union partner, or eligible same-sex domestic partner, or no dependent child(ren), a pension is paid to parents receiving at least half of their support from the member, in the amount of 25% of Final Compensation if there is one parent, or 40% of Final Compensation if there are two parents. If there is no surviving spouse, civil union partner, eligible same-sex domestic, children, or parents, the member’s contributions are paid to his named beneficiary. In the event that a specific beneficiary has not been named, the funds will be paid to the member’s estate.

**Death in Service- Accidental Death/ LOD**

If an active member dies as a direct result of an accident while in the performance of regular or assigned duties and the death is NOT a result of willful negligence, then "Accidental Death" benefits may be awarded to the member’s beneficiary(ies) by the Board of Trustees of the appropriate retirement system.

Accidental Death benefits include the payment of group life insurance benefits (Noncontributory and Contributory, if in effect) plus a pension benefit to the surviving spouse, civil union partner, or eligible same-sex domestic partner, in the amount of 70% for PFRS members. Under Chapter 181, P.L. 2003, this is a lifetime benefit for the surviving spouse, civil union partner, or eligible same-sex domestic partner of the deceased PFRS member, it will continue regardless of whether the surviving spouse, civil union partner, or same-sex domestic partner of the PFRS member subsequently remarries or enters into a civil union after the member’s date of death.
PFRS Membership Tiers
The passage of Chapter 1, P.L. 2010, changed compensation and retirement criteria for PFRS members enrolled as of certain dates. These differences in PFRS membership — referred to as "membership tiers" — are defined as follows:

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

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

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

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

  For a PFRS Tier 2 member enrolled after May 21, 2010, Final Compensation means the average salary upon which pension contributions were based for any three fiscal years (July-June) of membership preceding retirement that provides the largest possible benefit.

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

- If you are a member in service and age 55 or older you may retire without any required minimum years of service.
- If you have at least 20 years of service at retirement you may retire at any age provided you were enrolled in the PFRS as of January 18, 2000. The annual benefit calculations for a Service Retirement are:
  - If you have less than 20 years of service credit, you will receive 2 percent of your Final Compensation for each year of service.
  - If you have at least 20 years but less than 25 years of service credit, you will receive 50 percent of your Final Compensation.
• If you are age 65 (mandatory retirement age) and have 20 or more years of service credit, you will receive 50 percent of your Final Compensation, plus three percent of your Final Compensation for each year of service over 20, up to 25 years, if enrolled in the PFRS as of January 18, 2000.
• If you have at least 30 years of service credit, you will receive 2 percent per year of your average Final Compensation for the first 30 years of service, plus an additional one percent of your average Final Compensation for each year of service credit over 30 years.

**Special Retirement**
Available to members at any age, who have a minimum of 25 years of service credit in the PFRS. The annual benefit calculation for a Special Retirement is equal to 65 percent of your Final Compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70 percent of your Final Compensation.

**Deferred Retirement**
Available to members who have at least 10 years of service credit and are not yet 55 years of age when they terminate employment. The retirement would be effective on the first of the month after attaining age 55. The benefit calculation for a Deferred Retirement is equal to 2 percent of Final Compensation for each year of service.
• If a member is removed from employment for cause on charges of misconduct or delinquency, the member will be **ineligible** for Deferred Retirement.

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

**Ordinary Disability Retirement**
If you qualify with four or more years of New Jersey service credit and are approved for an Ordinary Disability Retirement, the annual benefit calculation is
equal to 40 percent of your Final Compensation or 1.5 percent of your Final Compensation for each year of service credit, whichever is higher.

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

**Accidental Disability Retirement**
If you qualify and are approved for Accidental Disability Retirement, your annual retirement allowance will be 2/3 of your salary at the time of the “traumatic event” or at the time of retirement, whichever is higher.

**ACTIVE AND RETIRED DEATH BENEFITS**

Upon the death of an active or retired PFRS member, two benefits are payable:
- A monthly survivor's pension paid to a specific family member (or return of contributions to a beneficiary); and
- Group life insurance The monthly survivor's pension to a family member is explained below.

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

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

Tier 2 member enrolled after May 21, 2010, Final Compensation means the average salary upon which pension contributions were based for any three fiscal years of membership preceding your death as an active member that provides the largest possible benefit.

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

**Active Members**
Upon your death as an active member your surviving spouse/partner is eligible to receive a pension benefit equal to 50 percent of your Final Compensation. If there is no surviving spouse/partner, the following benefit is payable to eligible children:
• 50 percent of Final Compensation to three or more eligible children;
• 35 percent of Final Compensation to two eligible children; or
• 20 percent of Final Compensation to one eligible child.

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

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

ACCIDENTAL DEATH BENEFIT
If you die as a result of an accident during the performance of your regular or assigned duties, and your death is not a result of willful negligence, your family may be entitled to an Accidental Death Benefit. A report of an accident must be filed with the retirement system within 60 days of the accident. An Application for Accidental Death Benefits must be filed within five years of the date of death. In cases resulting in an Accidental Death Benefit, your eligible surviving spouse, civil union partner, or eligible same-sex domestic partner is paid an annual pension of 70 percent of your Compensation. This benefit is a lifetime benefit to your surviving spouse or partner.

• 'Compensation' — For all PFRS members Compensation means the salary upon which pension contributions were based in the 12 months immediately preceding your death or the accident which led to your death. If there is no eligible surviving spouse/partner, or if the surviving spouse/partner dies, a pension is paid to your eligible children (as defined on page 30) in these amounts:
• 50 percent of Compensation to three or more eligible children;
• 35 percent of Compensation to two eligible children; or
• 20 percent of Compensation to one eligible child.
If there is no eligible surviving spouse/partner or children, a pension will be paid to your eligible dependent parents in these amounts:
• 40 percent of Compensation to two eligible parents; or
• 25 percent of Compensation to one eligible parent.
If there is no surviving spouse, child, or parent, your pension contributions will be paid to your named beneficiary. In the event that a specific beneficiary is not named, the funds will be paid to the member's estate.

GROUP LIFE INSURANCE

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

Coverage for Active Members
If your death occurs in active service before retirement, your named beneficiary (or estate where there is no named beneficiary) receives a group life insurance benefit equal to 3½ times your Compensation. If you die during the first year of creditable service, the benefit is 3½ 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 ½ of your Compensation. However, if you retired on a Disability Retirement, the amount is equal to 3½ times your Compensation until age 55 when it is reduced to ½ of Compensation.