To plan for a successful retirement, you must be familiar with the retirement payment options available to you and your beneficiaries from the Judicial Retirement System (JRS). You should also consider your financial needs in retirement, your health, your beneficiary’s health, the need to provide survivor benefits, life insurance benefits available, and income from other sources such as Social Security benefits, investments, etc. This fact sheet focuses on planning for your survivors and discusses the statutory JRS survivor benefit, retirement payment options made available through P.L. 2002, c. 54 (Chapter 54), and JRS group life insurance available to judges in retirement.

**STATUTORY SURVIVOR BENEFITS**

Upon your death as a retired member of the JRS, your surviving spouse, civil union partner, or same-sex domestic partner receives a pension benefit equal to 25 percent of your Final Salary plus:

- 10 percent of Final Salary to one child; or
- 15 percent of Final Salary divided evenly among two or more children.

If there is no surviving spouse/partner, or your spouse/partner dies, remarries, or enters a new civil union, the following benefit is payable to your eligible children:

- 15 percent of Final Salary to one child;
- 20 percent of Final Salary divided evenly between two children; or
- 30 percent of Final Salary divided evenly among three or more children.

A surviving spouse/partner may continue health coverage through the State Health Benefits Program (SHBP) as long as he or she was a dependent under your SHBP coverage at the time of death. However, the surviving spouse/partner will have to pay for the full cost of the continued health benefits coverage. The coverage can also include any dependent children who had been covered as your dependents at the time of death.

In the absence of a surviving spouse/partner, children who had been covered at the time of death as your dependents may continue health coverage at their own expense for as long as they are receiving the statutory survivor benefit.

**Explanation of the Terms Used for Statutory Survivor Benefits**

- **Spouse** — A person to whom you were married for at least four years prior to the date of your death (see note) and who has not remarried or entered into a civil union. A photocopy of the Marriage Certificate is required for verification.

- **Civil Union Partner** — A person of the same sex as defined by P.L. 2006, c. 103 (Chapter 103), with whom you were partnered in a civil union for at least four years prior to the date of your death (see note) and who has not entered into a civil union or married. 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.

- **Domestic Partner** — A person of the same sex as defined by P.L. 2003, c. 246 (Chapter 246), with whom you were partnered in a domestic partnership for at least four years prior to the date of your death (see note) and who has not entered into a civil union or married. 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(ren)** — means your unmarried child:
  - Under the age of 18;
  - Under the age of 21 and attending school full time; or
  - 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.

**Final Salary** — means the current salary for the judicial position in which you served at the time of death or retirement.

**RETIRED PAYMENT OPTIONS**

As a result of Chapter 54, JRS members have additional ways to provide for survivors by selecting one of nine payment options for their retirement benefits. Previously, judges did not have any choice and received the Maximum Option. See the “Maximum Option — No Pension Benefit to a Beneficiary” section. When a judge died, the benefit ceased with no possibility of continuation for survivors (other than under the statutory benefits described previously). Now you may leave an additional amount to a named beneficiary.

Please be sure you understand the different payment options available to you under Chapter 54; once you have made your choice and your retirement becomes due and payable (usually when your first check is issued), you cannot change your payment option.

**Note:** Whatever option you select has no impact on the statutory survivor benefit. That benefit will still be paid regardless of your retirement payment option selection.

**Maximum Option — No Pension Benefit to a Beneficiary**

The Maximum Option, a single-life annuity, is the highest amount payable and provides a retirement benefit to you for the remainder of your life. If you are not concerned with providing either a lump-sum benefit or providing a monthly income to another person after your death, the Maximum Option may be the most appropriate payment choice for you. The benefit payments continue for your lifetime only. Upon your death, benefits end and your survivors do not receive a pension allowance other than those provided under the statutory survivor benefits.

If there is no surviving spouse/partner or child to receive the statutory survivor benefit and you die before receiving monthly retirement benefits equal to the amount that you paid into the retirement system while you were employed (including interest on those contributions), the balance of your contributions will be paid to your named beneficiary or your estate.

**OPTIONS A, B, C, AND D**

Under Options A, B, C, and D, you receive a smaller monthly benefit than that provided under the Maximum Option so that, upon your death, a beneficiary you name will receive a lifetime monthly pension. The percentage of reduction is based on the life expectancies of both you and your beneficiary at the time of your retirement and the option selected. Therefore, the younger your beneficiary, the greater the percentage of reduction in your benefit. Your beneficiary under these options must be an individual. You may not designate a charity, institution, your estate, etc., as a beneficiary.

If there is no surviving spouse/partner or child to receive the statutory benefit and you and your beneficiary die before all of your accumulated pension contributions plus interest have been distributed in the form of a monthly allowance, the remainder will be paid to your estate.

**Option A — 100 Percent to Beneficiary — Increase to Maximum Option**

Option A, a 100 percent joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 100 percent of your monthly retirement allowance for life. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option amount. You can name only one beneficiary for this benefit and your beneficiary can never be changed after retirement.

**Option B — 75 Percent to Beneficiary — Increase to Maximum Option**

Option B, a 75 percent joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 75 percent of your monthly retirement allowance for life. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option amount. You can name only one beneficiary for this benefit and your beneficiary can never be changed after retirement.

**Option C — 50 Percent to Beneficiary — Increase to Maximum Option**

Option C, a 50 percent joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 50 percent of your monthly retirement allowance for life. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option amount. You can name only one beneficiary for this benefit and your beneficiary can never be changed after retirement.

**Option D — 25 Percent to Beneficiary — Increase to Maximum Option**

Option D, also called a 25 percent joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 25 percent of your monthly retirement allowance for life. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option amount. You can name only one beneficiary for this benefit and your beneficiary can never be changed after retirement.
JRS Survivor Benefits and Pension Options

This fact sheet is a summary and not intended to provide all information. Although every attempt at accuracy is made, it cannot be guaranteed.

OPTION 1 — REDUCING RETIREMENT RESERVE TO A BENEFICIARY

Option 1 provides a lifetime monthly payment to you. Your retirement allowance is reduced from what you could collect under the Maximum Option. It is also different from the Maximum Option in that it may provide a payment to your beneficiary after your death. At the time of your retirement, the amount expected to be paid to you in retirement benefits over your lifetime is calculated. This is called your retirement reserve. If you die before you receive monthly retirement benefits equal to your retirement reserve, your beneficiary is entitled to the balance. The balance will be paid in a lump sum or the beneficiary may request payment in equal monthly payments over five, 10, 15, or 20 years, or as a life annuity.

You may name more than one beneficiary for this option and you can change your beneficiary at any time. Your beneficiary may be a person, a charity, an institution, or your estate.

For example, if your monthly retirement allowance is $2,000 and your retirement reserve is $230,400, your beneficiary would be entitled to the following:

- Retirement Reserve $230,400
- Retirement Benefits Paid (death at 16 months) $32,000
- Beneficiary Benefit $198,400

Since the retirement reserve is based on your retirement allowance and your life expectancy, your own reserve may be much different than this example.

OPTIONS 2, 3, AND 4

Under Options 2, 3, and 4, you receive a smaller monthly benefit than that provided under the Maximum Option so that, upon your death, your beneficiary will receive a lifetime monthly pension. The percentage of reduction is based on the life expectancies of both you and your beneficiary at the time of your retirement and the option selected. Therefore, the younger your beneficiary, the greater the percentage of reduction in your benefit. Your beneficiary under these options must be an individual. You may not designate a charity, institution, your estate, etc., as a beneficiary.

Option 2 — 100 Percent to Beneficiary — Permanent Reduction

Option 2, a 100 percent joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 100 percent of your monthly retirement allowance for life. You can name only one beneficiary to receive this benefit and the beneficiary can never be changed after retirement. This is similar to Option C except that if your beneficiary dies before you, you will continue to receive the reduced retirement allowance you had been receiving under this option.

Option 3 — 50 Percent to Beneficiary — Permanent Reduction

Option 3, a 50 percent joint and survivor benefit, provides a lifetime monthly payment to you. If your beneficiary is living at the time of your death, your beneficiary will receive 50 percent of your monthly retirement allowance for life. You can name only one beneficiary to receive this benefit and the beneficiary can never be changed after retirement. This is similar to Option C except that if your beneficiary dies before you, you will continue to receive the reduced retirement allowance you had been receiving under this option.

Option 4 — Choice of Amount to Beneficiary — Permanent Reduction

If the preceding payment options do not meet your financial needs, you may want to consider this option. Option 4 provides a lifetime monthly payment to you. If your beneficiary(ies) is living at the time of your death, your beneficiary(ies) will receive whatever monthly allowance you decide for life (this can be no more than your own allowance). You can name one beneficiary or multiple beneficiaries to receive this benefit and the beneficiary(ies) can never be changed after retirement. If your beneficiary dies before you, you will continue to receive the reduced retirement allowance you had been receiving under this option.

Because of the number of different possibilities available with this option, calculation of the benefit must be performed by the JRS consulting actuary.

Age Limits on Nonspouse Beneficiaries

For all options, you can name your spouse as your beneficiary regardless of your spouse’s age. For Options C, D, 1, and 3, you can name someone other than your spouse as beneficiary regardless of age.

For Option 2, A, or B, if you are naming a beneficiary who is not your spouse, Internal Revenue Service (IRS) regulations restrict the age of your beneficiary.
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 and A:
- If you are age 70 or older at retirement, your nonspouse 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 nonspouse 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).

For Option 4:
- If you name a nonspouse beneficiary, and the dollar amount of your beneficiary’s pension is more than 50 percent of your allowance, restrictions on your beneficiary’s age apply.

Power of Attorney and Option Selection
A person acting on behalf of a member, other than a legal guardian, cannot choose a pension option other than the Maximum Option (and cannot name him/herself as a life insurance beneficiary). However, a person with legal power of attorney on behalf of a retiring member can:
- Apply for retirement on behalf of a member;
- Choose any pension option; and
- Name him/herself as the beneficiary for that pension option.

Note: For the group life insurance, the power of attorney documentation must specifically state that the person acting as power of attorney has the right to designate or change beneficiaries for group life insurance and, additionally, must specifically grant him or her the right to name him/herself.

PROOF OF AGE DOCUMENTATION
If you choose Option 2, 3, 4, A, B, C, or D, proof of age documentation is required for both you and your designated beneficiary. Proof of age documents include a copy of any of the following:
- Birth certificate — with visible seal;
- Passport;
- A U.S. Passport Card;
- A current digital New Jersey driver’s license or identification card (for non-drivers) issued by the N.J. Motor Vehicle Commission;
- A current digital Pennsylvania or New York driver’s license; or
- Naturalization or immigration papers.

Unacceptable documentation includes military records indicating your age, expired documentation, out-of-state drivers’ licenses (except P.A. and N.Y.), hospital birth certificates, marriage certificates, census records, baptismal records, or affidavits from older family members.

You should include photocopies of the proof of age documentation with your Application for Retirement Allowance.

LIFE INSURANCE AFTER RETIREMENT
JRS members are eligible for both Contributory and Noncontributory Group Life Insurance. Group life insurance is provided through policies issued by the Prudential Insurance Company of America.
- Noncontributory Group Life Insurance is provided by the State of New Jersey through the retirement system at no cost to you.
- Contributory Group Life Insurance is insurance for which you pay. The two contributory insurance plans available to JRS members are described in the “Contributory Group Life Insurance” section.

Noncontributory Group Life Insurance
The State pays the cost of your Noncontributory Group Life Insurance. While you are actively at work, this benefit is equal to 1 1/2 times your Final Salary. At retirement, this benefit is reduced to 25 percent of your salary at retirement. If you die while on a Disability Retirement before reaching age 60, your named beneficiary (or estate where there is no named beneficiary) will receive an amount equal to 1 1/2 times your salary at retirement. After you turn age 60, your named beneficiary (or estate where there is no named beneficiary) will receive, upon your death, an amount equal to 25 percent of your salary at retirement.

Choosing a Beneficiary: At retirement, you should nominate noncontributory insurance beneficiaries on your Application for Retirement Allowance. This will supercede any beneficiaries previously named for your noncontributory life insurance.
You may also change your designation at any time during your active or retired membership by filing a Designation of Beneficiary form.

Payment of Noncontributory Insurance: For retirees, noncontributory insurance benefits are paid in a lump sum. Death benefits cannot be paid until all the necessary information and forms have been received by the New Jersey Division of Pensions & Benefits (NJDPB). To report a death, contact the JRS at (609) 292-0909.

Conversion of Noncontributory Insurance at Retirement: Your noncontributory insurance coverage is reduced upon your retirement as described previously. Within 31 days of your retirement, you may continue the insurance you lost by purchasing a converted life insurance policy from Prudential without a medical examination. See the Conversion of Group Life Insurance Fact Sheet.

Contributory Group Life Insurance
All JRS members are eligible for one of two types of Contributory Group Life Insurance while they are actively working as a judge. Coverage is mandatory during the first year of service as a judge and optional thereafter. The two types of contributory insurance are:

• Group Term Life Insurance; or
• Group Variable Universal Life (GVUL) Insurance.

Both the Group Term Life Insurance and the GVUL Insurance offer coverage at levels of 1 1/2, two, three, four, or five times your annual judicial salary.

Contributory Insurance at Retirement or Termination: Contributory insurance coverage ends 31 days after you retire or terminate employment. However, after you leave employment, you may purchase a converted life insurance policy from Prudential without a medical examination. You may convert a portion or all of your contributory insurance by contacting a Prudential agent. Your contributory insurance policy number is G-94368. The same conversion restrictions and considerations described with noncontributory insurance apply to the conversion of contributory insurance.

Group Variable Universal Life (GVUL) insurance is portable coverage. This means that coverage can be continued after retirement or if you leave covered service as a judge. You will be billed monthly by Prudential for the full premium plus a $3 monthly service fee.

Both the Group Term Life insurance and the GVUL are administered by Prudential. If you have any questions about the program, contact the Prudential Insurance Company of America, Group Life Services, P.O. Box 948, Horsham, PA 19044, or call 1-800-562-9874.

AN ILLUSTRATIVE EXAMPLE OF ALL BENEFITS PAYABLE
Judge Goodperson retired after 25 years on the bench at age 65. His annual salary at retirement was $150,000. His wife was age 60 and his children were no longer dependent upon him at retirement. The Judge selected Option B to provide his spouse a survivor’s benefit of 75 percent of his benefit after his death. This gave the Judge an annual pension allowance of $95,062 or $7,922 per month. He continued his GVUL insurance of three times his salary after retirement by continuing to make payments directly to Prudential. He did not convert his noncontributory life insurance. Judge Goodperson died less than two years after he retired. Mrs. Goodperson received the following benefits upon the Judge’s death:

Statutory Survivor Benefit of $37,500 per year in monthly payments of $3,125.
Optional Pension Benefit of $71,297 per year in monthly payments of $5,941.
Noncontributory Group Life Insurance payment of $37,500.
Contributory Group Variable Universal Life Insurance payment of $450,000.

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