Teachers’ Pension and Annuity Fund

Division of Pensions and Benefits
50 West State Street
Trenton, NJ
Mailing Address
Division of Pension and Benefits
PO Box 295
Trenton, NJ 08625–0295
(Include membership number or Social Security number on all correspondence.)
(609) 292–7524

Internet: www.state.nj.us/treasury/pensions
Electronic Correspondence: www.state.nj.us/treas/pensions/pensionmail.shtml
MEMBER BENEFITS ONLINE SYSTEM (MBOS)

The Member Benefits Online System (MBOS) gives registered users Internet access to pension and health benefit account information and online applications.

You can register and use MBOS from any Internet connected computer.

http://www.state.nj.us/treasury/pensions/mbosregister.shtml
Types of Retirement

- Service Retirement
- Early Retirement
- Veteran Retirement
- Deferred Retirement
- Ordinary Disability Retirement
- Accidental Disability Retirement
Retirement Benefits by Membership Tier

- **Tier 1**
  Enrolled prior to July 1, 2007

- **Tier 2**
  Eligible for enrollment on or after July 1, 2007 and prior to November 2, 2008

- **Tier 3**
  Eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010

- **Tier 4**
  Eligible for enrollment after May 21, 2010 and before June 28, 2011

- **Tier 5**
  Eligible for enrollment after June 28, 2011
Service Retirement

- Tier 1–2 Minimum age 60
- Tier 3–4 Minimum Age 62
- Tier 5 Minimum Age 65
- **No minimum amount of membership credit required**

- Tier 1, Tier 2, and Tier 3 – Benefit based upon total years of service in system divided by 55 and multiplied by Final Average Salary (3 yrs.)

- Tier 4 and Tier 5 – Benefit based upon total years of service in system divided by 60 and multiplied by Final Average Salary (5 yrs.)
Enrollment Requirements–TPAF

**Tier 1**
- Minimum Base Salary $500
- IRS Maximum Salary Limit 2017–$385,000

**Tier 2**
- Minimum Base Salary $500
- TPAF salary limited to maximum wage base 2018–$128,700. DCRP eligible amount over maximum.
Tier 3

- Minimum salary for enrollment $8,300
- Base salary between $5,000 and $8,200 eligible for DCRP
- Salary limited to Social Security maximum wage base 2020–$ $137,700
- DCRP eligible for salary over the maximum wage limit
Tier 4 and Tier 5

- Requires minimum of 32 hours per week for local education employees
- No minimum salary requirement
- DCRP eligible if under minimum hours and earn at least $8,200
- TPAF salary limitation 2020–$ $137,700
- DCRP eligible over maximum wage limit
Salary

- The **base salary** upon which your pension contributions were based.

- It does not include extra pay for overtime or money given in anticipation of your retirement.

- It does not include additional salary for temporary or extracurricular duties beyond the regular school day or regular school year.
## Personal Benefit Statement

### Account Information

- **Total Pension Service Credit**: 22 Years, 2 Months
- **Total Employee Contributions**: $10,702.09
- **Net Employee Contributions after Loans**: $5,672.71
- **Chapter 8 - 25 Year Date**: N/A
- **Chapter 8 - Bargaining Unit**: NON-ALIGNED EMPLOYEES
- **Chapter 78 - 20 Year Date**: 06/28/2011
- **Membership Tier**: 1
- **Group Life Insurance Benefits**: $223,003.00

### Personal Information

- **Full Name**: MEMBER, JANE
- **Pension Fund and Member ID**: PERS - 012345
- **Date of Enrollment**: 02/01/1000
- **Date of Birth**: 08/14/1958
- **Gender**: F
- **Proof of Age on File with Division of Pensions**: YES
- **Veteran Status**: NO

### Health Benefits SHBP/SHEBP

<table>
<thead>
<tr>
<th>Plan / Plan Level</th>
<th>Effective Date</th>
<th>Termination Date</th>
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<tbody>
<tr>
<td>Health: NJ Direct15 / Single</td>
<td>08/14/2010</td>
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<tr>
<td>Prescription Drug: Employee Rx (state-scoop) / Single</td>
<td>08/14/2010</td>
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<tr>
<td>Dental: Dental Expense Program / Mending-dent Prin</td>
<td>12/27/2000</td>
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</table>

### Other Benefits

- **Deferred Compensation**: YES

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**NOTE**: You should not apply for retirement based on these figures.

- **Assumed Retirement Age**: 60 Years
- **Assumed Service at Retirement**: 27 Years, 7 Months
- **Salary Used to Calculate the Estimated Monthly Service Retirement Allowance**: $74,306.00
- **Estimated Monthly Maximum Retirement Allowance**: $3,114.00

**CONTRIBUTORY AND NONCONTRIBUTORY**
Final Average Salary

- **Final Average Salary—Tier 1, Tier 2, Tier 3**
  Average salary for the 3 years immediately preceding your retirement (36 months/12 month contracts or 30 months/10 month contracts). 3 highest fiscal years if your last 3 years are not the highest.

- **Final Average Salary—Tier 4 and Tier 5**
  60 months/12 month contracts or 50 months/10 month contracts. 5 highest fiscal years if your last 5 years are not the highest.
Example: Calculating the Maximum Allowance Tiers 1, 2, 3

Years of Service $\times$ F. A. S. = Maximum Allowance

\[
\frac{35\text{ Years} \times $100,000}{55} = 63.6\% \times $100,000 = $63,636
\]

Tier 4 and Tier 5

\[
\frac{35\text{ Years} \times $100,000}{60} = 58.3\% \times $100,000 = $58,333
\]
Early Retirement

- At least **25 years** of service required Tiers 1,2,3,4
- At least **30 years** of service required Tier 5
- Benefit calculated using Service formula
- **Tier 1**
  - Before age 55—Allowance permanently reduced .25% per month under age 55 (3% per year)
- **Tier 2**
  - Before age 60—Allowance permanently reduced \( \frac{1}{12} \) of 1% per month under age 60 (1% per year)
  - Before age 55—Allowance permanently reduced .25% per month under age 55 (3% per year)
Early Retirement

- **Tier 3 and Tier 4**
  - Before age 62—Allowance permanently reduced 1/12 of 1% per month under age 62 through age 55 (1% per year)
  - Before age 55—Allowance permanently reduced 3% per year (.25% per month) under age 55

- **Tier 5**
  - Before Age 65—Allowance permanently reduced 3% per year (.25% per month) under age 65
Veteran Retirement – Tiers 1,2,3,4,5

- Available to qualified veterans in active employment until retirement date. Benefits cannot be deferred.
- Holds honorable discharge from military service of the United States during recognized periods.
- Copy of DD–214 (discharge papers) must be on file.
Veteran Retirement

- Continue in TPAF covered employment until at least age 60 with 20+ years service credit or at least 55 with 25+ years of service credit
  - Entitled to annual benefit 54.5% of the salary on which pension contributions were made in any consecutive twelve month period which would provide the largest possible benefit. (vs. 36% and 45% respectively)

- Age 55 with 35 years of service credit are entitled to an annual allowance based on the formula:
  - Years Service / 55 X Highest Consecutive 12 Months of Salary = Maximum Annual Allowance

- Veteran may retire on Service Retirement if it would result in a higher benefit
Ten years of service credit and not age 60

Retirement effective first of month after attaining age

Tier 1 and 2 collectible at age 60 (n/55 X 3 yrs.), Tier 3 at age 62 (n/55 X 3 yrs.), Tier 4 at age 62 (n/60 X 5 yrs.), and Tier 5 age 65 (n/60 X 5 yrs.)

Allowance based upon Service formula

Must file application for retirement to take effect

Life insurance not in effect from termination until Deferred Retirement becomes effective

Death between termination and retirement effective results in return of contributions with interest. No other death benefit.

State Health Benefit restrictions with less than 25 years

25 or more years eligible for SHBP coverage when they retire at age 60 or later.
Active pension account

10+ years New Jersey service credit

Totally and permanently disabled for the performance of your job

Annual benefit 43.6% FAS or 1.64% of FAS for each year of service credit (Service or Early Retirement may be higher)

Process may take 6 – 8 months

Workers’ compensation and Social Security Disability has no bearing on TPAF Disability Retirement

Tier 4 and Tier 5 –

The benefit outlined above is not available, but members may be eligible for Disability Insurance Coverage
Accidental Disability Retirement

Tiers 1, 2, 3 Only
(Tier 4 and Tier 5 – May be eligible for Disability Insurance Coverage)

- Active member on or before date of “Traumatic Event” and at time of filing

- Considered permanently and totally disabled as a result of traumatic event that is identifiable as to time and place, undesigned and unexpected, caused by circumstances external to the member, occurred during and as a result of the member’s regular and assigned duties, not result of member’s willful negligence, and member mentally and physically incapacitated from performing any other duty. File within five years of traumatic event

- Examined by physicians selected by TPAF
- 72.7% of base salary at time of traumatic event
What to consider when selecting an option

- Your health
- Your beneficiary’s health
- Need to provide survivor benefits
- Life insurance benefits available
- Income from other sources such as Social Security benefits, investments, etc.
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.
Nine Pension Options

- Maximum—No Pension Benefit to a Beneficiary
- Option 1—Reducing Reserve to a Beneficiary
- Options 2, 3, 4, A, B, C, D
  - Smaller monthly benefit based on life expectancies of you and your beneficiary at time of retirement.
  - Beneficiary must be individual and not a charity, institution, or estate.
Maximum Option

- No Pension Benefit to Beneficiary
- Pays highest retirement benefit
- Benefits end at your death
- Death before receiving your contributions, including interest, balance paid to beneficiary
Options Other Than Maximum

- **Option A** – 100% to Beneficiary – Increase to Maximum
- **Option B** – 75% to Beneficiary – Increase to Maximum
- **Option C** – 50% to Beneficiary – Increase to Maximum
- **Option D** – 25% to Beneficiary – Increase to Maximum

Increase is to maximum if your beneficiary pre-deceases you.
Options A,B,C,D “Pop Up”

- Joint and survivor benefit
- Provides lifetime benefit to you
- Living beneficiary at time of your death receives selected option benefit

- If beneficiary dies before you, your retirement allowance increases to the Maximum Option

- Name one beneficiary and beneficiary can never be changed after retirement
Option 1

- Reduced from Maximum
- Lifetime monthly payment to you
- May provide lump sum to beneficiary
- Sets up reserve reduced each month by monthly allowance. Any balance is paid to beneficiary at time of your death.
- **Name more than one beneficiary**
- **Change beneficiary at any time**
Options 2, 3, and 4

- Joint survivor benefit
- Provides lifetime benefit to you
- Living beneficiary at time of your death receives selected option benefit
- If beneficiary dies before you, you continue to receive the reduced retirement allowance you had been receiving (does not Pop Up)
- Beneficiary can never be changed after retirement
Option 2—Permanent Reduction

- 100% joint and survivor benefit
- Lifetime payment to you
- If beneficiary living at time of your death—100% of your monthly retirement allowance
- Name one beneficiary
- Cannot change beneficiary
- Similar to Option A except if beneficiary dies before you, your allowance does not increase
Option 3—Permanent Reduction

- 50% joint and survivor benefit
- Lifetime payment to you
- If beneficiary living at time of your death, one-half of your monthly retirement allowance
- Name one beneficiary
- Cannot change beneficiary
- Similar to Option C except if beneficiary dies before you, your allowance does not increase
Option 4—Permanent Reduction

- Lifetime payment to you
- If beneficiary living at time of your death—receives monthly retirement allowance you decide (Not more than your allowance)
- Name one or multiple beneficiaries
- Cannot change beneficiary
- If beneficiary dies before you, your allowance does not increase
Pension Benefit to Beneficiary Upon Death of Retiree

*Increases to Maximum Allowance  **Stays at Reduced Option Allowance

**Bold and underlined can leave to Child**

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<th></th>
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<th>Lump Sum</th>
<th>100% of Retirement Allowance</th>
<th>75% of Retirement Allowance</th>
<th>50% of Retirement Allowance</th>
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<td>x</td>
<td>x</td>
<td>x</td>
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</table>
Pension Calculation Sample – Based Upon Early Retirement Benefits

Date of Retirement: 7/1/2018  Length of Service: 35 Years / 0 Months  Final Average Salary: $100,000
Contributory Insurance Benefits: $48,125  Current Salary: $110,000  Monthly Gross: $9,166
Maximum Yr. Gross: $63,636  Max. Monthly Gross: $5,303

Option 1 Reserve Factor: 9.7
Reduction Factor: 0.973  Reserve: $617,272
Option 1 Factor: 0.973
Option 1 Yr. Gross: $61,917
Option 1 Mo. Gross: $5,159

Option 2 Factor: 0.865  100% Beneficiary
Option 2 Yr. Gross: $55,044
Option 2 Mo. Gross: $4,587

Option 3 Factor: 0.94  50% Beneficiary
Option 3 Yr. Gross: $60,136
Option 3 Mo. Gross: $5,011

Option 4
To be determined by the pension fund based on your criteria

Option A 100% Factor: 0.855  100% Beneficiary
Option A Yr. Gross: $54,409
Option A Mo. Gross: $4,534

Option B 75% Factor: 0.895  75% Beneficiary
Option B Yr. Gross: $56,954
Option B Mo. Gross: $4,746

Option C 50% Factor: 0.94  50% Beneficiary
Option C Yr. Gross: $59,817
Option C Mo. Gross: $4,984

Option D 25% Factor: 0.971  25% Beneficiary
Option D Yr. Gross: $61,788
Option D Mo. Gross: $5,149
Pension subject to federal income tax, except Accidental Death or Disability

Contributions prior to 1/1/1987 already taxed

New Jersey Income Tax
  - Voluntary withholding
  - Not subject to NJ tax until you recover your contributions
  - Age 62 or disabled some exclusion of retirement income–2003 and beyond:
    * Effective tax year 2005 pension exclusion for taxpayers with gross income of $100,000 eliminated
Taxation of Retirement Benefits

New Jersey Income Tax

- 2019 Exclusion
  - $80,000 (MFJ)
  - $60,000 (S)
  - $40,000 (MFS)

- 2020 Exclusion
  - $100,000 (MFJ)
  - $75,000 (S)
  - $50,000 (MFS)

* Effective tax year 2005 pension exclusion for taxpayers with gross income of $100,000 eliminated
If you retire with an outstanding loan balance, you may:

- Pay the loan in full prior to receiving any benefits; or
- Continue your monthly loan repayment schedule into retirement
Retirement Checklist

6–8 Months Before Retirement
- Request a retirement estimate
- Attend retirement seminar

4–6 Months Before Retirement
- Complete application
- Proof of age, veteran
- Employer certification
- Receipt of application

3 Months Before Retirement
- Letter offering enrollment in State Health Benefits Program, if eligible

1 Month Before Retirement
- Quotation of retirement allowance with option
- Loan balance payoff amount
- Outstanding purchase quote
1 Month Before Retirement
- Retirement presented to TPAF Board of Trustees
- 30 days from approval date or effective retirement date (whichever is later) to change option or cancel retirement. Canceling does not guarantee reemployment with employer.

Shortly After Retirement
- Statement of Retirement Allowance
- Forms for withholding of federal and NJ State income tax
- Direct deposit form or EFT link on MBOS
- 1st check dated first of month or 30 days after TPAF approval, whichever is later.
Life Insurance—Active Employee

- Non-Contributory—Provided by employer through pension fund at no cost to you
- Contributory—Employee paid
  Required for first 12 month of membership after which time you may cancel. Cannot be reinstated after you cancel
- Rate 0.4% (.004) of base salary
- Amount of death benefits paid to beneficiaries at your death depends on membership status at time of death; salary, and your age

<table>
<thead>
<tr>
<th>Coverage for Active Members</th>
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<tbody>
<tr>
<td>Age at Death</td>
</tr>
<tr>
<td>At any age</td>
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## Life Insurance—Retired Member

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<tr>
<th>Type of Retirement</th>
<th>Non-Contributory</th>
<th>Contributory &amp; Non-Contributory</th>
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<tr>
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<td>Death before Age 60</td>
<td>Death after Age 60</td>
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<tr>
<td>Disability</td>
<td>150%</td>
<td>18.75%</td>
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<tr>
<td>Early &amp; Veteran</td>
<td>18.75%</td>
<td>18.75%</td>
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<tr>
<td>Deferred</td>
<td>None</td>
<td>18.75%</td>
</tr>
<tr>
<td>Service</td>
<td>N/A</td>
<td>18.75%</td>
</tr>
</tbody>
</table>
Conversion of Life Insurance

- Group life insurance ends 31 days after you cease employment
- Eligible to continue coverage by purchasing converted life insurance policy, without medical examination, at your expense
- Conversion guaranteed through Prudential
- Coverage amounts up to those while employed
- Purchase at retirement reduced by amount of retired life insurance benefit
- Special rules apply in cases of deferred, disability, termination, or leave of absence
Your Retirement Health Benefits

NJPSA Presentation
Retirement Health Benefits Webinar

- Eligibility
- Enrollment
- Coverage
- Medicare
- Payment of Coverage Costs
State Health Benefits Coverage at Retirement—Categories of Eligibility

- Members already covered by SHBP through employer. **Premium cost to member if not eligible for State or employer paid coverage.**

- Members with 25 years service credit in TPAF or on disability retirement (includes deferred with 25 years). **State pays for all/partial health benefit cost.**
  - 20+ Years as of 6/28/11 – **Free** (once 25 years is achieved)
  - Less Than 20 years as of 6/28/11 – **Partial** (once 25 years achieved)

- Medicare eligible members retired from BOE, Voc.Tech., Spec. Serv. Comm., not participating in SHBP and not eligible above, must be in employer’s plan and enrolled Medicare A and B. **You pay full cost.**
ENROLLMENT

• Offering Letter (about 3 months before retirement)
  • Eligibility of coverage
    • Coverage for you, your spouse/partner, and dependents
      • Children to age 26 and 31 (Chapter 375)
      • Disabled dependents (documentation required)
  • Cost to you
    • State paid
    • Partial Pay (Chapter 78) – % based on amount of pension
    • You pay in full
ENROLLMENT

• Complete the application (print out from the Division of pension Website)
  • Retiree information.
  • Medicare (check off and submit documentation)
  • Plan Selection
  • Coverage Waiver
  • Dental – at additional cost
  • Dependents and documentation to be attached to the application
Health Plans

• **Medical Plan options** (plan summaries on Division Web page)

• **Prescription plans** (included with all plans)

• **Dental** — Available at additional cost.
SEHBP Medical Plans (Non-Medicare Eligible)  
(Effective January 1, 2020)

• **Preferred Provider Organizations (PPO)**
  
  (H)NJ Direct 10   (H)NJ Direct 1525
  (H)NJ Direct 15   (H)NJ Direct 2030

  (H) Administered by Horizon Blue Cross Blue Shield of New Jersey

• **Health Maintenance Organizations (HMO)**
  
  Horizon HMO   Horizon HMO 1525   Horizon HMO 2030

• **HD- High Deductible Health Plan**
  
  • **NJ DIRECT HD4000**

**Medicare Eligible Retirees Cannot enroll in plans listed in RED**
Horizon NJ Direct

(Effective January 1, 2020)

Nationwide service areas

- Primary care physician NOT required - No referrals
- Certain services require pre-certification
- In-network routine physical exams
- Immunizations
- Annual routine vision exam
## Horizon NJ Direct 10/15

(Effective January 1, 2020)

<table>
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<tr>
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<th>Direct 15</th>
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<tr>
<td><strong>In-Network Copayments</strong></td>
<td>$10</td>
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<td>$400 Individual</td>
<td>$6,739 Individual</td>
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<td>$1,000 Family</td>
<td>$13,478 Family</td>
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<tr>
<td><strong>Out-of-Network Coinsurance</strong></td>
<td>20% R/C after deductible</td>
<td>30% R/C after deductible</td>
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<tr>
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<td>($100/$250)</td>
<td>($100/$250)</td>
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<tr>
<td><strong>Maximum Out-of-Pocket Out-of-Network</strong></td>
<td>$2,000 Individual</td>
<td>$2,000 Individual</td>
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<tr>
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<td>$5,000 Family</td>
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<tr>
<td><strong>Maximum Covered Expenses Annual/Lifetime</strong></td>
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</tr>
<tr>
<td>In-Network/Out-of-Network</td>
<td>UNLIMITED</td>
<td></td>
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</tbody>
</table>

*Refer to Approved Medical Plan Design Chart for Other Local Education Retired Group Plans*
Aetna HMO / Horizon HMO

- Nationwide service areas
- Primary care physician (PCP) required
- Referrals required
- Routine physical exams
- Immunizations
- Annual routine vision exam
- All services, except emergencies, coordinated through PCP

Refer to Approved Medical Plan Design Chart for Other Local Education Retired Group Plans
Aetna HMO / Horizon HMO

- No deductibles or claim forms to file
- Copayments required for visits to PCP or a referred specialist
  - In network OOP Max
    - $6,739 Individual
    - $13,478 Family
  - No out-of-network benefits
- Copayment $10 per visit
- Emergency Room Copayment $35
- Unlimited Maximum Plan Covered Expenses Annual/Lifetime
Medicare Plans for 2020

**Medicare Supplemental**
- Horizon NJ Direct 1525
- Horizon NJ Direct 2030
- Horizon HMO
- Horizon HMO 1525
- Horizon HMO 2030

**Medicare Advantage**
- Aetna Educators Medicare 10
- Aetna Educators Medicare 15
- Aetna Medicare Advantage HMO
- Aetna Medicare Advantage HMO 1525
What is a Medicare Advantage Plan?

- Medicare Advantage is a medical program delivered to Medicare retirees on a fully insured basis.
- Medicare pays a fixed amount to the insurance carrier for the member’s care.
- The State of NJ pays a fixed amount to Aetna to supplement Medicare’s amount.
- Aetna must follow certain rules of Medicare and supplement the benefit based on rules of the State.
- You will still pay your Medicare Part B premium and your Medicare Premium will still be reimbursed by
What is a Medicare Advantage Plan?

- Your Benefits are the same under this plan as they were under NJ Direct 10 or 15.
- You will receive only ONE Explanation of Benefits (EOB) from Aetna.
- The Network is Medicare – therefore:
  - All Medicare Providers are ‘In –Network’ under the Aetna Educators Medicare 10 or 15 Plan.
- The State has a two year contract with Aetna – with an option for a third year.
Additional Benefits!

• Members in the Aetna Educators Medicare program will:

• Be able to enroll in the NJWELL program
  • Earn up to $250/participant /year

• Receive reimbursements for co-pays.
  • Reimbursements up to $250/participant at the end of the year for physician visits.
What is a Medicare Supplemental Plan?

- NJ Direct Plans are supplemental plans to Medicare.
- You must go to a Medicare Provider in order to receive treatment.
- The Supplemental insurer is your secondary insurance.
- You receive two EOB’s – one from Medicare and one from the supplemental insurer.
- The supplemental insurer treats payment as either “In-Network” or “Out-of-Network”. You pay the provider either a co-pay or co-insurance. You may also pay a deductible and possible balance billing.
- You may still enroll in one of the supplemental plans through Horizon:
  - Horizon NJ Direct 1525 or 2030
  - Horizon HMO 10, 1525, or 2030
What happens to my spouse?

• The covered member selects the plan for both spouses/the family.
• If the enrollee who is Medicare eligible selects Aetna – all dependents are in corresponding non-Medicare Horizon plan
• Enrollee selects Aetna Educator Medicare 10
  • Non-Medicare spouse (or dependent child) would be enrolled in Horizon NJ Direct 10 Plan
• Enrollee selects Horizon 1525 Medicare Supplemental Plan
  • Non-Medicare spouse (or dependent child) would be enrolled in Horizon NJ Direct PPO 1525
Comparison of NJ Direct 1525 to Aetna Educators Medicare 10

**Supplemental 1525**
- Must use Medicare eligible provider
- No Coverage for non-Medicare eligible provider
- In-Network for Horizon network
- Out-of-network for providers not in Horizon network

**Advantage 10**
- Must use Medicare eligible provider
- No Coverage for non-Medicare eligible provider
- In-Network for All Medicare eligible provers
- Out-of-Network -N/A
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<th><strong>Advantage 10</strong></th>
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<td>PCP co-pay: $10</td>
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<td>Specialist co-pay: $25</td>
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<td>ER Co-Pay: $75</td>
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<tr>
<td>In-Network OOP Max $400/$1000</td>
<td>In-Network OOP Max: None</td>
</tr>
<tr>
<td>Out-of-Network Deductible: $100/$250</td>
<td>Out-of-Network Deductible: None</td>
</tr>
<tr>
<td>Total OON OOP Max: $2000/$5000</td>
<td>Total OON OOP Max: $1000</td>
</tr>
<tr>
<td>Overall Coinsurance: 30%</td>
<td>Overall Coinsurance: None</td>
</tr>
</tbody>
</table>

**Comparison of NJ Direct 1525 to Aetna Educators Medicare**
**Comparison of NJ Direct 1525 to Aetna Educators Medicare 10**

<table>
<thead>
<tr>
<th><strong>Supplemental 1525 Rx</strong></th>
<th><strong>Advantage 10 Rx</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>OOP Max: $1411/2822</td>
<td>OOP Max: $1411/2822</td>
</tr>
<tr>
<td>Retail – Generic - $7</td>
<td>Retail – Generic - $10</td>
</tr>
<tr>
<td>Retail – Preferred Brand - $17</td>
<td>Retail – Preferred Brand - $21</td>
</tr>
<tr>
<td>Retail – Non-Preferred Brand - $36</td>
<td>Retail – Non-Preferred Brand - $42</td>
</tr>
<tr>
<td>Mail– Generic - $5</td>
<td>Mail– Generic - $5</td>
</tr>
<tr>
<td>Mail– Preferred Brand - $41</td>
<td>Mail– Preferred Brand - $31</td>
</tr>
<tr>
<td>Mail– Non-Preferred Brand - $91</td>
<td>Mail– Non-Preferred Brand - $52</td>
</tr>
</tbody>
</table>
Retiree Dental Plans

Eligibility:

☐ Retiree and survivors enrolled in SHBP medical plan.

☐ Waiver eligible due to other coverage as dependent of spouse or domestic partner, or own employment

☐ Dependent eligibility same as medical plan eligibility
Retiree Dental Plans

Enrollment:
• One opportunity to enroll 30-60 days of retirement

• Waiver eligible must request coverage within 60 days of loss of coverage

• COBRA coverage does not apply

• Two Options – Dental Expense Plan (DEP - PPO) - Traditional
  or Dental Plan Organization (DPO) - HMO
Retiree **Dental Expense Plan**

**Plan Summary**

- Traditional indemnity fee for service plan
- $50 per person annual deductible/maximum $150 family
- Deductible waived for preventive services
- Benefit Tiers 1,2,3 for enrollees who have gone without group dental coverage
- Reimburses for covered services at % of reasonable and customary charges
Retiree Dental Expense Plan

Covered Services (In Network)

- Preventive Care Tier 3 = 100%
- Basic Restorative Care Tier 3 = 70%
- Major Restorative Care Tier 3 = 50%
- No orthodontic services
- Maximum Annual Benefit $1500 per person
- Aetna Dental
Retiree **Dental Plan Organization (DPO)**

- 5 Companies – each with a network of providers
- **Must use a network dentist in the DPO you select**
- Diagnostic and preventive services are covered in full
- Eligible expenses require a co-payment (**see handout**)
- Orthodontic services are NOT covered
- May Change plans immediately if:
  - Your dentist drops out of Network and none available within 30 miles of your home
  - You move and your DPO cannot provide a dentist within 30 miles of your home
# 2020 Prescription Drug Coverage for Retirees - Administered by Optum Rx

<table>
<thead>
<tr>
<th>Drug</th>
<th>Direct 10/15</th>
<th>Horizon HMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy-30 day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generic</td>
<td>$10</td>
<td>$6</td>
</tr>
<tr>
<td>Preferred</td>
<td>$21</td>
<td>$13</td>
</tr>
<tr>
<td>Other</td>
<td>$42</td>
<td>$26</td>
</tr>
<tr>
<td>Mail Order-90 day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generic</td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td>Preferred</td>
<td>$31</td>
<td>$19</td>
</tr>
<tr>
<td>Other</td>
<td>$52</td>
<td>$31</td>
</tr>
<tr>
<td>Max Out-of-Pocket</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copayment</td>
<td>$1,411 /person</td>
<td>$1,411 /person</td>
</tr>
<tr>
<td>Annually</td>
<td></td>
<td>Annually</td>
</tr>
</tbody>
</table>
Miscellaneous Items

- Medicare Coverage – age 65
- Multiple Coverage (in state plan prohibited)
- Changing Plans
- Survivor Enrollment
Working After Retirement

NJPSA Presentation
Employment After Retirement

- Private, federal, or governmental employment in another state will not affect benefits.

- IRS Provisions
  - Public employment before 59 ½
    - May be subject to 10% additional federal Tax

- Bona Fide Retirement / Due and Payable
  - Employer/employee relationship has been severed
  - 180 days / 30 days
The fact sheet has been revised to address federal and State rules on in-service distributions for certain retirees who return to public employment after retirement.

The Division of Pensions and Benefits posts updated versions of the fact sheets as soon as they are approved and available for release.
Employment After Retirement

- Position covered by different NJ retirement system - Retirement allowance continues, but cannot become member of that system
  - 30 days from retirement date or TPAF Board Approval (whichever is later) pension must be “due and payable”

- Returning to TPAF position before “bona fide”, (180 days after retirement date) your retirement not valid, considered active employee
  - 180 days for the same employer

- This includes, subbing, volunteering, employment through an independent contractor, or re-employment in a new position (even if a different pension affiliation)

- N.J.A.C. 17:3-21 Break in Service 10-month employee
  - 180 day break in service (summer months don’t count)
Employment After Retirement

Membership required if:

- Position requires certification, employed on regular basis (contract) in position covered by Social Security; and

- You work at least 32 hours per week (Tier 5 requirement)
Employment After Retirement

- Returning to position under TPAF, retirement allowance and health benefits cancelled for duration of employment
  - Active member again - enrollment in Tier 5
  - Death during 2nd membership-no benefits from previous membership or retirement, including optional settlements and death benefits
  - Over age 60 insurability required for life insurance
  - Failure to reenroll requires reimbursement of retirement benefits during eligible period, including pension contributions

- Retire again-1st allowance restored and 2nd allowance calculated solely on second membership
Employment After Retirement

**TPAF Enrollment Not Permitted If Employed:**

- As a per diem substitute
- As a permanent or long-term substitute
- As a replacement for regular employee on approved leave of absence (provided employee not on terminal leave)
- Work less than the minimum number of hours per week required

**TPAF Caution! Tax Implications**
Employment After Retirement

Certificated Superintendent or Administrator (Chapter 355, PL 2001)

- Exemption from reenrollment
- Employed by DOE, BOE for term of 1 year
- BOE renew 1 additional year
- Total period any individual BOE may not exceed 2 years
- Accepting employment with same employer within 120 days requires reenrollment.

REPEALED November 2003

Interim Positions (18a:66-2p)

- Ineligible if total time of all interim appointments with one BOE does not exceed 6 months
- Reenrollment required on first day of seventh month of service
- Extension up to 6 months may be granted by TPAF under extenuating circumstances
Employment After Retirement

- **Disability Retirees**
  Special Rules Apply
  Potential reduction based upon earnings

- **Social Security**
  Earnings test under FRA for those receiving benefits
  2016 - $15,720 / $1,310 mo.
Employment After Retirement

- Self Employment Issues - “CONSULTING”
  - IRS tests and standards used to determine employer-employee relationship
- Penalties to worker and employer can be severe
- IRS employer-employee test includes numerous factors
- Test includes:
  - Behavioral Control,
  - Financial Control and
  - Relationship to Parties
Employment After Retirement

**SEHBP Implications:**
Suspended Allowance Due to TPAF Employment **AND** Retired SEHBP coverage suspended

Non-TPAF employment will not affect SEHPB retired coverage

May take coverage with new employer
### Chapter 78, P.L. 2011

<table>
<thead>
<tr>
<th>Cost Impact for Future Retirees Health Benefits With Less Than 20 Years of Service on 6/30/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sections 125 Plans— Creation of Cafeteria Plans</strong></td>
</tr>
<tr>
<td><strong>Employee Payments “Pre-tax”</strong></td>
</tr>
<tr>
<td><strong>Permits Dependent Care Flexible Spending Accounts</strong></td>
</tr>
<tr>
<td><strong>Employee Pension Contribution 6.5% with additional one percent phased in over 7 years</strong></td>
</tr>
<tr>
<td>Payment for Waiver of Health Benefits— Shall not exceed 25% or $5,000, whichever is less, of the amount saved by the employer. Waiver maximum applies to all new employees and to any existing employee who submits or renews a waiver on or after May 21, 2010. (Chapter 2, P.L. 2010)</td>
</tr>
</tbody>
</table>
Retirement Resources

Retirement Living Information Center

- Retirement Communities
- Places to Retire
- Taxes by State
- Newsletter
- Retirement News
- Resources
- Senior Bookstore
- Senior Online Publications
- Marketplace
- Products and Services
- State Aging Agencies

Division of Pensions
www.state.nj.us/treasury/pensions

Horizon
http://www.horizon-bcbsnj.com/shbp

Aetna
http://www.aetna.com/statenj/

Aetna Dental
http://www.aetna.com/statenj/

Social Security
www.socialsecurity.gov

Medicare
www.medicare.gov

Medco
www.medco.com

IRS
www.irs.gov
Robert Murphy
Director Retirement Services
12 Centre Drive
Monroe, NJ 08831–1564

Phone: 609–860–1200
Fax: 609–860–2999
E–Mail: rmurphy@njpsa.org