

WILLIAM PATERSON UNIVERSITY

WELCOME

Overview of the ABP Plan

- Pension Plans
 - Alternate Benefit Program (ABP)
 - Tax Sheltered Plans
- Retirement Planning 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
 - Employment after retirement
 - Telephone contacts & useful websites

Overview of the ABP Plan

Mandatory Retirement Programs

Defined Contribution Plan

Alternate Benefit Program (ABP)

- William Paterson University participates in the State of New Jersey public employee pension programs
- Participation is required for all eligible employees as a condition of employment
- Participation in a specific Retirement Program is determined by the title and employment classification

Overview of the ABP Plan

Alternate Benefits Program (ABP)

- ABP covers Unclassified employees which include Faculty, Professional Staff, and Higher Education Managers
- One year and Temporary appointment eligible after one year
- The Alternate Benefit Program (ABP) is a Defined Contribution Retirement program
- Allows members to direct their own retirement accounts
- Member and employer contributions are Tax-deferred

Overview of the ABP Plan

Alternate Benefits Program (ABP)

- Vested members are permitted to allocate and transfer employer and employee contributions to any **one** or **combination** of authorized investment carriers
- Offers portability of accumulated contribution balances between investment carriers
- Variety of investment choices and distribution methods offered by the authorized carriers to provide members with flexibility in meeting their retirement goals
- Loans through the member's investment carrier(s)
- Hardship Withdrawals (if qualified)

Overview of the ABP Plan

Alternate Benefits Program (ABP)

- **Contributions**

Member's contribution: 5% of base salary

William Paterson University contributes: 8% of base salary

IRS Annual Limit for 2020: \$285,000

Overview of the ABP Plan

Alternate Benefits Program (ABP)

- **Vesting**

Generally after one year of employment

When vested, all contributions and accumulations in the ABP account belong to the member

Vested members are eligible to apply for Loans and Hardship Withdrawal (if qualified)

Note: While in delayed-vesting status, loans or the transfer of funds between carriers are not permitted

Overview of the ABP Plan

Alternate Benefits Program (ABP)

- Retirement and Cash Distributions
- A member of the ABP becomes eligible to commence distributions at any age upon **Termination** of employment or **Retirement**
- Cash distributions to members under the age of **55** are limited to their Employee contributions and accumulations. The remaining employer contributions and earnings are available for distribution upon attaining age 55
- Once a member starts collecting benefits from their ABP account (annuity or cash) the member is considered Retired and **NOT Eligible** to enroll in any state plan

Overview of the ABP Plan

Alternate Benefits Program (ABP) – Life Insurance

- Employer-provided group life insurance for eligible active and retired members (***Update beneficiaries using the Designation of Beneficiary form***)
- <https://www.state.nj.us/treasury/pensions/documents/forms/eb0791.pdf>
- Coverage for Active Employees: 3.5 times the Annual Salary
- For Retirees: 50% of the Annual Base Salary if:
 - 10 years or more of pension service credit
 - At least age 60 at retirement
 - Take an annuity distribution within 12 months of the Termination or Retirement
 - Covered by ABP group life insurance plan immediately prior to retirement
- New enrollment for age of 60 and over requires Medical Examination

Overview of the ABP Plan

Alternate Benefits Program (ABP) – Life Insurance

- Group-Term Life Insurance in Excess of \$50,000 is Taxable
- The Federal Revenue Act of 1987, Section 79 of the Internal Revenue Code, requires the value of Group-Term Life Insurance coverage in excess of \$50,000 to be processed as wages for tax purposes
- The amount of life insurance coverage is not taxable, but rather the premium required to pay for life insurance coverage is taxable
- The taxable amount will be included in the year to date FICA, Medicare, Federal, and NJ state wages – Reported on the W-2 Form, Box 12a – Code C
- The taxable amount is calculated once a month – Added in the 2nd Check of the month
- The Non-Contributory GTL in Excess of \$50,000 can be waived, the employee will be eligible for the \$50K only and NOT subject to taxes
- Form must be filed no later than December 31 to be effective starting January 1 of the following year – Can be reinstated in the following year

Overview of the ABP Plan

Taxable Amount Calculation Method for ABP Members

Salary	100,000.00					
* Factor	3.5	350,000.00	Life Insurance Value			
- 50,000	50,000.00	300,000.00	First 50K free			
Annual Premium Per Thousand	5.16	1,548.00	Age 55			
Monthly Imputed Income		129.00				

After the coverage is determined, reduce it by \$50,000 (the exempt amount). The remainder is multiplied by the premium rate per thousand prescribed by the IRS as follows:

<u>Age as of 12-31-19</u>	<u>Annual Premium Per Thousand</u>
Under 25	\$.60
25-29	.72
30-34	.96
35-39	1.08
40-44	1.20
45-49	1.80
50-54	2.76
55-59	5.16
60-64	7.92
65-69	15.24
70 & over	\$24.72

Overview of the ABP Plan

Alternate Benefits Program (ABP)

ABP Designated Investment Providers	Representative	Contact Number
AXA Financial (Equitable)	Marc Sheridan	908-230-2042
Prudential	Alicia Smith	732-428-2314
MassMutual Retirement Services	Yolanda Gonzalez	848-248-4875
Teachers Insurance and Annuity Association/TIAA	Tatiana Novozhilova Zaki Saoud	800-732-8353
VOYA Financial Services	Frank Booth	732-326-5628
VALIC	Richard Growsick	800-448-2542 ext 88013
MetLife	Dave Sharpe	973-575-3254

Overview of the ABP Plan

Voluntary Tax Shelter Plans

- ACTS (Additional Contributions Tax Sheltered) – IRS Code 403B
 - Available for any employee in Pension Program
 - No Employer match
 - Contribution up to the IRS Maximum Annual Limit (2020)
 - \$19,500
 - \$26,000 for age 50 and above
 - Employee has control over investment options
 - Change or stop your contribution percentage
 - Funds can be paid at Termination of employment or retirement
 - Active employees can withdraw funds when attaining 59 ½ with No IRS Penalty
 - Investments managed by the Six designated providers are:
 - AXA Financial (Equitable)
 - TIAA
 - MassMutual Retirement Services
 - VALIC
 - MetLife
 - VOYA Financial Services

Overview of the ABP Plan

Voluntary Tax Shelter Plans

- Deferred Compensation Plan - IRS Code 457
 - Available for any employee in Pension Program
 - Administered by Prudential Financial for the State of New Jersey
 - Investment at any of the 20 pre-approved products offered under Prudential
 - IRS Annual Limits for 2020: \$19,500
 \$26,000 for age 50 and above

Between the 403B and 457 Plans, you can Tax Shelter up to \$39,000 per year

For Age of 50 and Above, you can Tax Shelter up to \$52,000 per year

ABP Retirement 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
- 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
 - 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 Employee Benefits Office, College Hall Rm 130
 - Make arrangements with carrier for payment options
 - If you or spouse or civil union/same-sex domestic partner is 65+, enroll in Medicare Parts A & B

Steps to Retirement



- **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 (Unclassified staff only, no sick leave payout to faculty)
 - Vacation payout (last paycheck)

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 Financial Consultant to help you with the taxes

Health Benefits at Retirement

Employees Who Attained 25 Years of Pension-Credited Service Prior to July 1, 1997

- No contributions required for Retired Group State Health Benefits
- Health benefits include medical and prescription drug coverage
- Full reimbursement for cost of Medicare Part B premium (per individual) provided by the State
- Dental – Full Group Rates



Health Benefits at Retirement

Medicare Part B Reimbursement

- If hired before July 1, 1995 and attaining 25 years before July 1, 1997, FULL Part B reimbursement paid separate check
- If hired before July 1, 1995 and attaining 25 years after July 1, 1997, Part B reimbursement is capped at \$46.10
- If hired after July 1, 1995, NO Part B reimbursement.

Health Benefits at Retirement

Employees Who Attained 25 Years of Pension-Credited Service Between July 1, 2007 and June 28, 2011

- Health contribution of 1.5% of 50 percent of the highest salary received in the five years prior to retirement
- No Reimbursement of the Medicare Part B premium
- 1.5% 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

Health Benefits at Retirement

Retirees Who Attained 20 or More Years of Pension-Credited Service on or Before June 28, 2011 and Who Retire With 25 or More Years of Pension-Credited Service

- Health Contribution is 1.5% of 50 percent of the highest salary received in the five years prior to retirement
- Wellness Program NOT available.
- No reimbursement of Medicare Part B premium

Health Benefits at Retirement

Retirees Who Are Not Grandfathered, Who Do Not Fall Within the Previous Provisions and Become Eligible for Retiree Health Insurance with 25 or More Years of Pension-Credited Service

- Health contribution is determined by the NJ Division of Pensions & Benefits based on the Cost of the Plan, Plan Coverage, and 50% of the highest salary received in the last five years
- But will not be lower than 1.5% of 50 percent of the highest salary received in the five years prior to retirement
- No reimbursement of the Medicare B premium

Health Benefits at Retirement

Retirees Who Retire With Less Than 25 Years of Pension-Credited Service

- Option to enroll in Retired Status State Health Benefits Insurance plans
- Member is responsible for FULL Payment
- Do not qualify for reimbursement of Medicare Part B premium

Health Benefits at Retirement

Surviving Spouses or Civil Union/Same-Sex Domestic Partners of Retirees 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 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

Health Benefits at Retirement

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
- Enrollment information is mailed from Division of Pensions and Benefits, if information is not received one month prior to retirement call 609-292-7524

Health Benefits at Retirement

Enrolling in Retired Group State Health Benefits Medicare Parts A & B

- Upon retirement retiree must mail to the Division of Pensions & Benefits, PO Box 295, Trenton, NJ 08625 proof of enrollment in **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**
- **Online: SSA.Gov**

Health Benefits at Retirement

Enrolling in Retired Group State Health Benefits Medicare Parts A & B

- You will receive a Request for Employment Verification from Social Security Administration
- Contact Employee Benefits to receive the form
- Mail certified forms to Social Security Administration or submit online

REQUEST FOR EMPLOYMENT INFORMATION

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES FORM APPROVED
CENTERS FOR MEDICARE & MEDICAID SERVICES OMB NO. 0938-0787

From: Social Security Administration	Telephone Number:
Employer's Name and Address:	Date:
	Employee's Name:
	Employee's Social Security Number:
	Claimant's Name:
	Claim Number:

Dear Sir/Madam:

We need the following information regarding the above claimant. Please answer the questions below, sign and date this letter and return it in the enclosed envelope.

You may call _____ at the above telephone number if you have any questions.

Sincerely,
Office Manager

1. Is (or was) the claimant covered under an Employer Group Health Plan?
 Yes No

2. If yes, give the original date the coverage began. _____ (mm/yyyy)

3. Has the coverage ended?
 Yes No

4. If yes, give the date the coverage ended. _____ (mm/yyyy)

5. When did the employee work for your company?
From _____ To _____ Still Employed _____ (mm/yyyy)

Signature and Title of Company Official	Date	Telephone Number
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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information is 0938-0787. The time required to complete this information collection is estimated to average 15 minutes per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, MD 21244-1858.

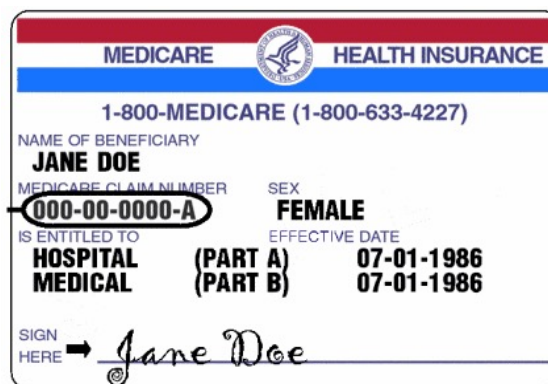
Form CMS-1562 (09/10)

Health Benefits at Retirement

Enrolling in Retired Group State Health Benefits

Medicare Parts A & B

- Medicare will mail you the Medicare Part A and Part B card



- Mail copy of card to State to complete processing of health insurance:
 - Division of Pensions and Benefits, PO Box 299, Trenton, N.J. 08625-0299
 - Or fax copy of the card to: 609-341-3407

The Retiree HB Bureau will **NOT enroll you in the Retiree State Health Benefits until proof of Medicare A & B is provided**

Health Benefits at Retirement

Retiree Dental Plans

- Dental plan designed for retirees
- Retirees pay full cost
- Continues as long as premiums are paid
- ***Must act on dental insurance coverage if you wish to waive or change plans**
- **Dental Plan Options:**
 - Dental Expense Plan administered by Aetna
 - 5 Dental Plan Organizations:
Aetna DMO, Cigna, Healthplex, Horizon Dental Choice, MetLife

Health Benefit Coverage Changes

- Coverage may be changed once during a 12-month period
- Coverage changes after a qualifying event
- Special enrollment
 - Rate changes
 - Change in offerings
- For questions regarding coverage call the Division of Pensions and Benefits Retiree Benefits Office at 609-292-7524



Health Benefits at Retirement

Waiving Coverage if Covered by another Health Plan

- You may waive Retired Group health benefits coverage and retain your right to enroll at a later date if you are covered as an employee through other employment or as a dependent of your spouse/partner in another group health plan. You must complete a *Cancel/Decline/Waive Retired Coverage form*
- <https://www.state.nj.us/treasury/pensions/documents/hb/oe2020/hr0976.pdf>
- Waiver form must submitted at the time of retirement in order to be eligible for enrollment if/when you lose the other coverage. If you do not submit an application within **60 days** of your retirement date, you will not be permitted to enroll at a later date
- If you lose your other coverage, you may enroll/reenroll in health benefits coverage within **60 days** of your loss of the other coverage. Proof of loss of the other coverage is required.

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>
- Group number is G-14800

Conversion of Life Insurance Example

- Base Salary 12 months 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)



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
 - 180 Days break in service
 - **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



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

Division of Pensions & Benefits 609-292-7524

Deferred Compensation 866-657-3327

Human Resources

Employee Benefits Office 973-720-2624

Social Security 800-772-1213

Internal Revenue Service 800-829-1040

NJ Division of Taxation 800-323-4400



Our ABP Investment Representatives

AXA Equitable - Marc Sheridan	908-230-2042
Mass Mutual - Yolanda Gonzalez	848-248-4875
MetLife - Dave Sharpe	973-575-3254
Prudential – Lily Lau	732-236-6782
TIAA – Zhee Moon	800-732-8353
VALIC – Mike Growsick	800-448-2542 x88013
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