

BENEFITS OUTLINE cont.

Life Insurance: All active employees in PERS are covered by life insurance. The benefit is reduced at retirement. For retirees that die after age 60, this insurance provides the beneficiary, upon the employee's death, 18.75% of base salary in the year before the employee retired. This amount is not affected by electing to purchase contributory insurance through PERS prior to retirement. It may be converted within the 31 days following retirement, without a medical exam, to an individual policy through Prudential. The premiums will be higher than you would pay if you could qualify medically for an ordinary individual policy. Contact PERS for further information.

Social Security: All employees are entitled to a Social Security pension. A "Social Security Statement", showing an earning history and estimating future benefits, is available upon request from the Social Security Administration (SSA). Individuals should apply for retirement benefits at least **three months** before they want them to begin. Individuals can begin receiving benefits at age 62. However, if benefits begin before age 65, they are reduced to account for the longer time they will be paid. Choosing the month you start to receive benefits is an important decision and should be discussed with a SSA representative. Contact the local SSA office at Five Executive Campus, Cherry Hill, NJ 08002, (800) 772-1213 for information, to apply for benefits, and to obtain your Personal Earnings and Benefit Estimate Statement. Information is also available on the internet at www.socialsecurity.gov where a benefit calculator is provided.

Medicare: Medicare covers all retirees at age 65. If you are receiving a Social Security pension, you will be contacted a few months before your 65th birthday. If you are not receiving a Social Security pension, contact the Social Security Administration (see above) **at least three months** before your 65th birthday to enroll.

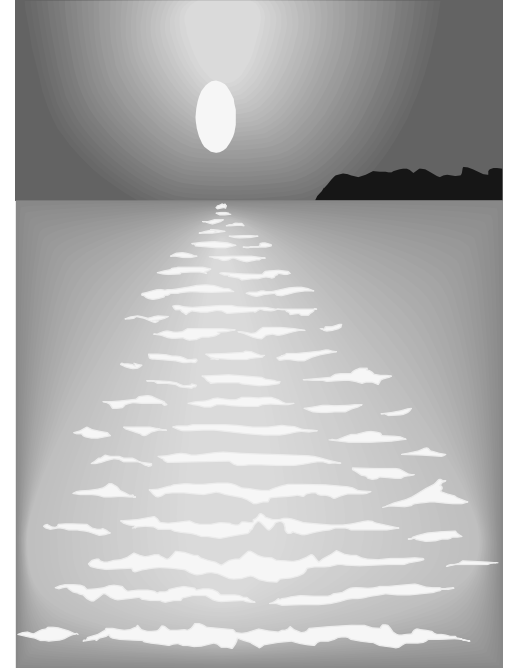
Medicare is divided into two parts: Hospital Insurance (Medicare Part A)—supported by a payroll tax and Medical Insurance (Medicare Part B)—partly financed by monthly premiums from individuals who choose to enroll. Employer retirement health plans generally require retirees to enroll in Medicare Part B. In addition, most employers require eligible employees to enroll. Employees who will not receive employer retiree health benefits should consider enrolling in a Medigap plan to cover a portion of health care costs not covered by Medicare

You can choose one of two ways to get Medicare benefits: the traditional fee-for-service system or the managed care program (HMO's, etc.). Most managed care programs provide additional coverage above and beyond the HMO's regular plans.



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FOR COUNCIL #10 MEMBERS



A RETIREMENT BENEFIT REVIEW

12/04

YOU WORKED LONG AND HARD
AND NOW YOU ARE READY TO
RETIRE

What do I need to know?

You will have to make many decisions at the time of your retirement. There is not one right answer for any of the questions you will face. This folder is designed to outline those questions and begin you thinking about your choices. It is also designed to give you an idea of when the decisions need to be made.

What benefits will I have in retirement?

The answer is not the same for every employee. Employees should review their current labor contract to see what it says about retirement benefits. **Employees may have all or some of the following benefits:**

- Retirement Pension through the New Jersey Public Employees Retirement System (PERS)
- Health and Prescription Insurance through your employer (NOTE: Co-pays vary from contract to contract and also depend on your years of service)
- Dental Insurance through your employer or through Council #10.
- Life Insurance through PERS

- Social Security Pension through the Social Security Administration
- Medicare through the Social Security Administration

BENEFITS OUTLINE

PERS Pension: Most employees will retire with a pension from PERS. At age 60 or older, individuals contributing to PERS can collect a pension based on years of service and “final average salary” (FAS). Your FAS is the average base salary received in the 36 months immediately preceding retirement date or the three highest fiscal years’ salary. Your benefit is calculated according to the following formula:

$$\frac{\text{Years of Service}}{55} \times \frac{\text{Final Average Salary}}{\text{Maximum Annual Allowance}} = \text{Maximum Annual Allowance}$$

NOTE: Early retirement (25 years of service under age 60) and veteran retirement calculations may differ from this formula. In addition, cost-of-living adjustments will increase this amount annually.

Pension recipients must decide among a number of options that vary in the monthly retiree allowance and the survivor(s) beneficiary allowance(s). Depending on the option selected, the actual monthly retiree allowance may be less than the maximum.

Members considering retirement should complete a “Request for Retirement Estimate” (available through your employer or from the Division of Pensions & Benefits) **six to eight months** before retirement. They should also attend a pre-

retirement seminar and/or review their options directly with the NJ Division of Pensions and Benefits no later than **six months** before retiring. At four to six months before retirement, complete an Application for Retirement Allowance and submit it to the Division of Pensions and Benefits (available from the Division or your employer). Further information is available from the Division of Pensions and Benefits (Telephone # (609) 777-1777 or on the internet at: www.state.nj.us/treasury/pensions)

Health and Prescription Insurance: Your health and prescription coverage and co-pay will vary according to your labor contract and your years of service. You may have to make choices regarding your health care provider at the time of retirement. Review your contract and discuss your benefit with your employer and your union representative at least **three months** before retiring, so that you know what coverage you have earned.

Dental Benefit: A number of Council #10 bargaining units receive their dental benefits directly through Council #10. Members receiving a dental benefit through Council #10 are entitled to continue this benefit after retirement at a cost of \$200 per year. Retirees are restricted to the “closed plan” and **must enroll at the time of retirement**. Members failing to enroll at retirement may not be eligible at a later date. Contact your union representative for an application.

Employees receiving their dental benefit through their employer should review their contract for possible retirement coverage.