



Life Insurance

Life Insurance Coverage is provided as a feature of respective retirement systems. Employees not eligible to enroll in the State Retirement programs cannot carry life insurance through the State. No medical examination is required unless the member attained the age of 60 prior to enrollment.

[Group Life Insurance](#)

Alternate Benefit Plan (ABP)

All ABP members are covered by employer-paid life insurance, payable to their designated beneficiaries, in the amount of three and one-half times the employee's annual base salary. This coverage is available without a medical examination to members under age 60. Newly enrolled members 60 years of age or older must undergo a medical examination to qualify.

The Internal Revenue Service classifies all life insurance coverage over \$50,000 as a fringe benefit subject to taxation. The amount of the life insurance coverage is not taxable, but the premium required to pay for the life insurance coverage is taxable. Members can elect to waive insurance coverage over \$50,000 at any time.

Upon retirement, life insurance reduces to one-half of the annual base salary. This life insurance coverage is available in retirement only to members age 60 or older and only if the member has completed 10 years of participation in the ABP at an eligible New Jersey institution of higher education. The member also had to be an active employee in the twelve months immediately preceding the initial receipt of a retirement annuity payment. Insurance coverage ceases 31 days after termination of employment. During the 31-day period following termination of employment, the member may convert existing group life insurance coverage (less any amount of coverage carried over into retirement) into an individual whole life policy, without medical examination.

[ABP Life Insurance Coverage](#) (see page 4)

Public Employees Retirement System (PERS)

Members of PERS are insured for the non-contributory group life insurance at 1-1/2 times the annual salary during the last 12 months of creditable service (date of enrollment in system). During the first year of membership, members are required to participate in the contributory coverage to provide an additional 1-1/2 times the pro-rated annual salary coverage at a cost (payroll deduction) to the employee of 0.50 of 1% of his/her annual salary. Thereafter this contributory coverage is optional. Coverage is not reduced while actively employed, even after attainment of age 70. Once contributory coverage is terminated; it cannot be reactivated.

[Group Life Insurance for PERS](#)

Waiver of Non-Contributory Life Insurance Over \$50,000

Members of State-administered retirement programs may waive their Non-Contributory Group Life Insurance over \$50,000 to avoid a possible Federal and State tax liability on that benefit by completing a Waiver form and submitting it to the Division of Pensions and Benefits.

The Division of Pensions and Benefits must receive waiver forms on or before December 31 to be effective January 1 of the next calendar year. Once a waiver form has become effective, it shall be irrevocable for the entire calendar year.

The waiver will remain in effect until the member requests to rescind it by completing a Reinstatement form. The reinstatement will not become effective until January 1 of the following year. Any member who waives the Non-Contributory Life Insurance must waive the total amount of coverage in excess of \$50,000. Waivers of partial amounts will not be permitted.

New enrollees will be required to retain the total amount of their group life insurance during their first year of membership.

If the waiver is in effect upon termination of employment or retirement, the member will be unable to convert any amount of their Non-Contributory Life Insurance coverage in excess of \$50,000. It should be noted that members of PERS who wish to reduce their total life insurance benefit to \$50,000 must also eliminate their contributory life insurance coverage.

Additional information including Waiver and Reinstatement forms can be obtained from the Office of Human Resources.