

Designating a Beneficiary

All Funds

An important aspect of membership in a New Jersey State-administered pension system is the payment of benefits to your named beneficiaries. Upon your death, the Division of Pensions and Benefits will pay death benefits to the last named beneficiary, or beneficiaries, on file with the Division. It is, therefore, very important to keep your beneficiary information up to date.

You should consider updating your Designation of Beneficiary any time you experience a major life event such as marriage, civil union, divorce, dissolution of a civil union or domestic partnership, birth or adoption of a child, or the death of a spouse/partner, child, or parent.

Active members and retirees who are unsure of their beneficiary designations may obtain this information online using the **Member Benefits Online System (MBOS)**.

MBOS is a set of Internet based applications that allow registered members access to information about their pension. You must be registered with MBOS to begin the process go to: www.state.nj.us/treasury/pensions/mbosregister.shtml

If you wish to **change** your beneficiary designation, you can safely do so using MBOS. The new designations will become effective immediately.

Exceptions to Online Designations

Except in specific circumstances, paper *Designation of Beneficiary* forms are no longer accepted by the Division of Pensions and Benefits. The only times that a paper form may be used are for the following "Special Provisions."

- Designations to a trust, organization, charity, or corporation;
- A formal or informal trust;
- Through a power of attorney;
- By court order;
- Unequal distributions of a fixed percentage; or
- Distributions of a definite dollar amount.

These situations are described in more detail in the following section on "Special Provisions." Instructions for obtaining the proper forms for these exceptions are provided in MBOS when the member accesses the Designation of Beneficiary online application.

Limited access to a computer or a member's reluctance to use MBOS is not considered a sufficient reason to permit the use of a paper *Designation of Beneficiary* form. Paper *Designation of Beneficiary* forms that are received for any other type of designation will be returned to the member with instructions for submitting the designation through MBOS.

SPECIAL PROVISIONS

There are special procedures to follow if you nominate a trust or minor as beneficiary; choose a distribution of benefits other than the standard "share and share alike"; nominate a civil union or domestic partner; or act as power of attorney, as explained below.

Nominating a Trust as Beneficiary

You may choose to designate an established trust to receive the group life insurance and/or pension benefit. If you elect to do so, you **MUST** provide the name and date of the trust and the name and address of the

trustee to contact upon your death. You need not provide a copy of the trust with your *Designation of Beneficiary*, but upon your death, we will request a copy from the trustee.

Nominating a Minor as Beneficiary

If you name a minor as beneficiary for the group life insurance and/or pension benefit, the manner of the designation makes a difference in how benefits are paid. The Division of Pensions and Benefits will withhold payment until one of the following occurs:

- The minor attains age 18 (funds can be held until the minor is emancipated), or;
- A court-ordered guardian of the property of the minor is appointed by the courts and proof of this is forwarded to the Division, in which case the benefits will be paid to the guardian on the minor's behalf and/or the court (according to the court document).

You may, however, choose to leave the group life insurance and/or pension benefit to a trust established on behalf of a minor. There are two types of trusts:

A **formal trust** is established through legal documents filed with your county court that designates a person or persons as "Trustee." When designating a formal trust on behalf of a minor beneficiary, you must clearly state "Formal Trust" on behalf of the minor and include the date of trust incorporation. For example:

"John Taylor, Formal Trustee for Joshua Taylor, under the terms of the trust agreement dated January 1, 1993."

An **informal trust** is one that has not been filed with the courts on behalf of the minor. The informal trustee(s) would be paid the specified benefits on behalf of the minor beneficiary. For example:

"Jane Miller, Informal Trustee for June Doe, daughter."

June Doe is the beneficiary but since she is a minor, Jane Miller would receive the benefits on June's behalf. Please state the minor's relationship to you, not to the trustee. The minor's address and birth date **MUST** be included on the form, as well as the informal trustee's address, whom we will contact upon your death.

Note: *The person(s) you designate as trustee(s) will assume all rights and privileges to the benefits that are paid and the Division will not be held responsible for any mishandling of the benefits.*

Unequal Distribution

If you wish to specify an unequal distribution among beneficiaries, you may indicate a percentage or a fraction next to the person's name.

Percentages must add up to 100%. For example:

"Mary Smith, sister, 70%; Thomas Jones, brother, 30%" (70% + 30% = 100%)

Fractions must add up to 1. For example:

"Joe Jones, son, ¼; Jim Jones, son, ¼; Patty Smith, daughter, ½" (¼ + ¼ + ½ = 1)

Note: In the case of an unequal distribution, if a designated beneficiary predeceases you, the deceased beneficiary's share becomes payable to your estate, unless you have stated otherwise on the form.

Definite Dollar Amounts

Active members may list a definite dollar amount for a beneficiary, but because the member's group life insurance fluctuates due to salary changes, a beneficiary must be named to receive the remaining balance. For example:

"Bob Smith, brother, \$10,000; Joe Smith, son, the remaining balance."

Retired members may list definite dollar amounts for their group life insurance beneficiaries since the retired

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group life insurance amount is established at the time of retirement and does not change. However, the total amount listed on your form must equal the exact amount of the retired group life insurance benefit.

For example:

Betty Smith is a retired PERS member with a group life insurance benefit of \$4,732.50.

An acceptable designation would be:

"Dan Smith, son, \$3,000; Dave Smith, grandson, \$1,732.50."

Nominating a Spouse, Civil Union or Domestic Partner

State employees who are members of the Police and Firemen's Retirement System (PFRS), State Police Retirement System (SPRS), or Judicial Retirement System (JRS), may name a spouse, civil union partner, or eligible same-sex domestic partner to receive the monthly survivor pension benefit upon your death as an active employee or retiree. A photocopy of the *Marriage Certificate*, *Civil Union Certificate*, or *Certificate of Domestic Partnership* must be provided for verification.

Note: A New Jersey Certificate of Domestic Partnership dated prior to February 19, 2007 or a valid certification from another jurisdiction that recognizes same-sex domestic partnerships is required for verification before survivor benefits will be paid. For local employees who are PFRS members the local employer must have adopted a resolution extending domestic partnership.

For members of the other State-administered retirement systems (Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), etc.), proof of marriage, civil union, or domestic partnership is not normally required; however, proof would be required in the event of your accidental death in service before an eligible surviving spouse/partner would receive a monthly survivor pension benefit.

Power of Attorney

In accordance with the New Jersey Administrative Code, you may choose to nominate someone to act as your power of attorney. However, the power of attorney document must **specifically** grant that person the right to change or update beneficiary information if you wish for them to have that power. Further, if you wish to give them the power to do so, it must **specifically** state that they may name themselves as beneficiary.

How to Change Your Beneficiary Form

Active members can immediately update their beneficiary information using the Member Benefits Online System (MBOS). Register with MBOS at: www.state.nj.us/treasury/pensions (select "Online Services - Register for MBOS").

Except in specific circumstances (see page 1) paper *Designation of Beneficiary* forms are no longer accepted by the Division of Pensions and Benefits.

For More Information

If you have questions about your *Designation of Beneficiary*:

- Write to: Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295
- Send an e-mail to: pensions.nj@treas.state.nj.us
- Call the Division's Office of Client Services at: (609) 292-7524.

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URL: <http://www.state.nj.us/treasury/pensions> • E-mail: pensions.nj@treas.state.nj.us

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Although every attempt at accuracy is made, it cannot be guaranteed.
