

**FREQUENTLY ASKED QUESTIONS**  
**VOLUNTARY SEPARATION (ABP)**

**Q. Is the Voluntary Separation of Service Incentive Plan a retirement incentive program?**

*A. This Voluntary Separation of Service Incentive Plan (VSIP) is not a retirement incentive program and is not in any way related to the exercise of retirement rights and programs administered by the New Jersey Division of Pensions and Benefits (NJDPB). The VSIP is solely a budget and operations initiative to manage institutional costs. The application cut-off and the irrevocability date for withdrawal of the separation decision are integral to the VSIP and the institution's planning and management of budget and operations matters. Once the irrevocability date passes, separation from the college will occur on the date certain as provided in the notice.*

Some employees who are eligible for separation under the VSIP may also be considering on a separate parallel track whether they wish to simultaneously make application to retire pursuant to the terms of an applicable retirement program and coordinate the retirement date with the VSIP separation date. The college neither encourages nor discourages the private and personal consideration of retirement. If considering retirement, it cannot be overemphasized that the VSIP separation will occur whether or not the retirement is approved and implemented per the terms of the applicable retirement plan or whether or not the employee decides to withdraw the retirement application. The purposes of the VSIP are distinct from retirement and the individual personal decision to retire has no relation to the institutional interests in the VSIP.

**Q. When will payment be disbursed?**

A. As soon as administratively possible after 7/1/2025, 10/1/2025 or 1/1/2026. All applicable Federal and State payroll taxes will apply. Employees should seek advice of an accountant regarding this payment.

**Q. How can I continue my health benefits when I resign?**

A. Employees enrolled in the State Health Benefits Program (SHBP) may continue health and dental coverage under COBRA, in any plan for which the employee is eligible, if coverage ends because of resignation. You may continue coverage under COBRA for 18 months. Coverage ends at the end of the month in which you

terminate employment. Please visit the link below for more information.

<https://www.nj.gov/treasury/pensions/hb-active-cobra.shtml>

**Q. What happens to my pension when I resign?**

A. A member may begin collecting an annuity, or take a cash distribution, at any time after termination of employment; however, if you return to public employment in New Jersey, you cannot participate in any State-administered retirement system. The member will automatically be considered retired, regardless of age, if there is any distribution of mandatory contributions.

<https://www.nj.gov/treasury/pensions/documents/factsheets/fact38.pdf>

**Q. When will my life insurance end?**

A. Life 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. Example: If you had group life insurance of \$96,000 through the retirement system while employed, that life insurance coverage is eliminated when you terminate employment. You can **purchase** up to \$96,000 in life insurance coverage under an individual, non-group policy by contacting a Prudential agent before 31 days following your termination of employment.

For more information, see the [Conversion of Group Life Insurance](#) fact sheet.

<https://www.nj.gov/treasury/pensions/documents/factsheets/fact38.pdf>

**Q. Will I be paid for my earned Vacation and Sick upon my resignation?**

A. Any earned Vacation remaining upon separation will be paid out. Sick leave is **only** paid out upon retirement (half of earned sick leave, up to \$15,000).

Note: Sick leave is not paid out to Faculty upon retirement.

**Q. How does my Resignation affect my Flexible Spending Account (FSA)?**

Termination of FSA benefits typically occurs on the last day of the month in which employment is terminated unless the participant enrolls in COBRA for FSA. However, if you terminate employment or go on unpaid leave, your eligibility for either or both FSAs may change. While your Dependent Care FSA cannot be continued following termination or the start of unpaid leave, you may be able to change or continue your Unreimbursed Medical FSA election upon completion of the appropriate forms and requirements. To begin the process for this change or to continue coverage, contact Customer Service within 30 days of the event by calling 1-888-215-0025. In addition, the Family and Medical Leave Act (FMLA) may affect your rights to continue coverage while on leave.

**Q. What happens to my Supplemental Retirement Plan upon my resignation?**

A. Deferred Compensation: Upon separation from service, you may begin your account distribution as soon as administratively feasible, you may elect a future distribution date, or you may do nothing. However, you must begin receiving distribution no later than April 1 of the year following your attainment of age 70 1/2 (if born before July 1, 1949) or age 72 (if born on or after July 1, 1949), or the year of employment termination, whichever is later. For daily valued funds, your account will be valued at the close of the day prior to your distribution date. For monthly valued funds, your account will be valued at the close of the month prior to your election for payment. A Distribution Election form must be completed and returned to the Plan office.

<https://www.nj.gov/treasury/pensions/documents/factsheets/fact32.pdf>

Additional Contributions/Tax-Sheltered (ACTS) Program: Typically, accounts are paid at termination of employment or retirement. Information provided by the provider(s) will outline regulations, tax consequences, and distribution options. This will include the discussion of options available at separation of service from your employer, in the event of your death, or under a hardship withdrawal.

**Q. Is there a minimum retirement age with the ABP?**

A. There is no minimum retirement age under the ABP; however, lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. The remaining employer contributions and earnings are only available after age 55. The types of payout plans vary and should be considered when selecting a carrier. All returns of contributions and earnings are considered taxable in the year they are received.

**Q. When can I receive benefits from the ABP?**

A. A member may begin collecting an annuity, or take a cash distribution, at any time after termination of employment; however, if you return to public employment in New Jersey, you cannot participate in any State-administered retirement system. The member will automatically be considered retired, regardless of age, if there is any distribution of mandatory contributions.

**Q. Is there Life Insurance for Retirees of the ABP?**

**A. LIFE INSURANCE (RETIREES)**

Retired ABP members are eligible for paid group life insurance coverage of one-half of base salary if all of the following criteria are met:

- 10 years or more of pension service credit;
- At least age 60 at retirement;
- Benefits are received within 12 months of the termination of employment; and
- Covered by ABP group life insurance immediately prior to retirement.

**Q. How can I continue my medical plan in retirement?**

A. RCNJ will continue to cover you in the active employee group for *one month* beyond your termination of employment. Most eligible members enrolled in coverage as active employees will automatically be enrolled as retirees; it is not necessary to complete an application.

Exceptions include those members who have:

- Changed their retirement date;
- Waived coverage as an active employee;
- Applied for a Disability Retirement.

Members in any of these categories must complete a Retiree Health Benefit Enrollment and/or Change Form to be enrolled. If you are waiving coverage because of other coverage, a Cancel/Decline/Waive Retired Coverage form must be 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, unless you are subsequently approved for a Disability Retirement. If you are not eligible for employer-paid coverage, the premium will be deducted from your monthly retirement check, or you will be billed on a

monthly basis if the amount of your retirement check is not enough to cover your premium.

<https://www.nj.gov/treasury/pensions/documents/factsheets/fact11.pdf>

**Q. Am I covered for prescription drug coverage in retirement?**

A. Prescription drug coverage is included with all retiree medical plans. OptumRx is the pharmacy benefits administrator for all Retired Group members.

**Q. Am I covered for dental in retirement?**

A. The Retiree Dental Plans are offered to retirees eligible to enroll in the SHBP. Retirees and their eligible dependents have a choice of two types of plans:

- A Dental Plan Organization (DPO); or
- The Retiree Dental Expense Plan

**Retirees Dental Rates**

For State, Local Government, and Local Boards of Education Retirees see:

- [Dental Plans - Retirees Fact Sheet #73](#)

Retiree will pay the full cost of the Retiree Dental Plan.

**Retiree Contributions**

**Employees of State Universities and Colleges**

If you had 25 or more years of service credited in one pension system before July 1, 1997 (the effective date of P.L. 1996, c. 8 (Chapter 8)), the State of New Jersey agreed to pay the full health benefits cost in retirement.

If you had 25 or more years of service credit or had an approved Disability Retirement between July 1, 1997, and June 27, 2011 (the effective date of P.L. 2011, c. 78 (Chapter 78)), you are governed by the terms applicable on the date you attained 25 years of service credit.

Under Chapter 78, if you had 20 years of service credit by June 28, 2011, and retire with at least

25 years of service credit, your health benefits cost will be 1.5 percent of your monthly retirement allowance.

If you attain 20 years of service credit after June 28, 2011, and retire with at least 25 years of service credit, you will pay a contribution toward post-retirement medical coverage based on the applicable percentage of premium as determined by your annual retirement allowance.

Retirees covered under certain negotiated labor agreements who attained 25 years after July 2, 2019, will pay either a percentage of retirement allowance or a percentage of premium as determined by annual retirement allowance, dependent on the plan selected.

<https://www.nj.gov/treasury/pensions/documents/factsheets/fact11.pdf>

### **ABP Members**

Participants (members) in the ABP employed by State universities and colleges follow the same guidelines as explained in the preceding sections. If there will be a cost to the retiree, it will be based on 50 percent of the highest salary earned in the five years prior to retirement.

### **Medicare Part B Reimbursement**

Through SHBP if you had 25 or more years of service credited in one pension system before July 1, 1997, the State of New Jersey agreed to reimburse you at retirement for the standard cost of any Medicare Part B premiums paid by you and/or your spouse, civil union partner, or same-sex domestic partner. If you attained 25 years of service credit after July 1, 1997, any reimbursement of Medicare Part B premiums paid by you and/or your spouse/ partner may be limited by the terms of the bargaining unit agreement in place at the time of your retirement or by legislation (Chapter 8). State employees who began employment after July 1, 1995, or who became eligible for health benefits after that date, will not be eligible for Medicare Part B reimbursement.

<https://www.nj.gov/treasury/pensions/documents/factsheets/fact11.pdf>

#### **Q. How do I apply for retirement?**

A. ABP participants can apply for retirement by completing the ABP retirement application, please see link below. The completed application must be returned to the Benefits Department for processing and transmittal.

<https://www.nj.gov/treasury/pensions/documents/forms/abp220.pdf>

### **Medicare Information**

## Special Enrollment Period (SEP)

If you have medical insurance coverage under a group health plan based on your or your spouse's **current employment**, you may not need to apply for Medicare Part B at age 65. You may qualify for a "[Special Enrollment Period](#)" (SEP) that will let you sign up for Part B during:

- Any month you remain covered under the group health plan **and** you or your spouse's employment continues.
- The 8-month period that begins with the month after your group health plan coverage or the employment it is based on ends, whichever comes first.

## How to apply online for Medicare Part B

If you are within three months of turning age 65 or older and not ready to start your monthly Social Security benefits yet, you can use our online retirement application to sign up just for Medicare and wait to apply for your retirement or spouses benefits later. It takes less than 10 minutes, and there are no forms to sign and usually no documentation is required

[Apply for Medicare Only](#)

[Return to Saved Application](#) | [Check Application Status](#) | [Replace Medicare Card](#)

To find out what documents and information you need to apply, go to the [Checklist For The Online Medicare, Retirement, and Spouses Application](#)

## If You Are Already Enrolled in Medicare

If you have Medicare, you can get information and services online. Find out how to [manage your benefits](#).

If you are enrolled in Medicare Part A and you want to enroll in Part B, please complete form [CMS-40B](#), Application for Enrollment in Medicare – Part B (medical insurance). If you are applying for Medicare Part B due to a loss of employment or group health coverage, you will also need to complete form [CMS-L564](#), Request for Employment Information.

You can use **one** of the following options to submit your enrollment request under the Special Enrollment Period:

1. Go to [“Apply Online for Medicare Part B During a Special Enrollment Period”](#) and complete [CMS-40B](#) and [CMS-L564](#). Then upload your evidence of Group Health Plan or Large Group Health Plan.
2. Fax or mail your [CMS-40B](#), [CMS-L564](#), and secondary evidence to [your local Social Security office](#) (see list of secondary evidence below).

**Note:** When completing the forms [CMS-40B](#) and [CMS-L564](#)

- State “I want Part B coverage to begin (MM/YY)” in the remarks section of the [CMS-40B](#) form or online application.
- If possible, your employer should complete Section B.
- If your employer is unable to complete Section B, please complete that portion as best as you can on behalf of your employer without your employer’s signature and submit one of the following forms of secondary evidence:
  - Income tax form that shows health insurance premiums paid.
  - W-2s reflecting pre-tax medical contributions.
  - Pay stubs that reflect health insurance premium deductions.
  - Health insurance cards with a policy effective date.
  - Explanations of benefits paid by the GHP or LGHP.
  - Statements or receipts that reflect payment of health insurance premiums.

### **Medicare Part B costs**

Some people automatically get Medicare Part B (Medical Insurance), and some people need to sign up for Part B. [Learn how and when you can sign up for Part B.](#)

If you don't sign up for Part B when you're first eligible, you may have to pay a late enrollment penalty.

### **How much does Part B cost?**

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### **Medicare Part B premiums**

You pay a premium each month for Part B. Your Part B premium will be automatically deducted from your benefit payment if you get benefits from one of these:

- Social Security
- Railroad Retirement Board
- Office of Personnel Management

If you don't get these benefit payments, you'll get a bill.



Most people will pay the standard premium amount. If your modified adjusted gross income is above a certain amount, you may pay an Income Related Monthly Adjustment Amount (IRMAA). Medicare uses the modified adjusted gross income reported on your IRS tax return from 2 years ago. This is the most recent tax return information provided to Social Security by the IRS.

Find out if you'll pay a higher Part B premium in 2025:

If your yearly income in 2023 (for what you pay in 2025) was			You pay each month (in 2025)
File individual tax return	File joint tax return	File married & separate tax return	
\$106,000 or less	\$212,000 or less	\$106,000 or less	\$185.00
above \$106,000 up to \$133,000	above \$212,000 up to \$266,000	Not applicable	\$259.00
above \$133,000 up to \$167,000	above \$266,000 up to \$334,000	Not applicable	\$370.00
above \$167,000 up to \$200,000	above \$334,000 up to \$400,000	Not applicable	\$480.90
above \$200,000 and less than \$500,000	above \$400,000 and less than \$750,000	above \$106,000 and less than \$394,000	\$591.90

If your yearly income in 2023 (for what you pay in 2025) was			You pay each month (in 2025)
File individual tax return	File joint tax return	File married & separate tax return	
\$500,000 or above	\$750,000 or above	\$394,000 or above	\$628.90

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