



# Divorce, Dissolution of a Civil Union, and Retirement Benefits

Information for:  
All Funds

## ENCUMBRANCES ON YOUR PENSION

Although your pension is normally exempt from any liens, the New Jersey Division of Pensions & Benefits (NJDPB) will honor court orders for child support, alimony, or equitable distribution.

The New Jersey State-administered retirement systems are not regulated by federal ERISA\* legislation. However, court decisions and opinions rendered by the New Jersey Attorney General have resulted in the retirement systems implementing matrimonial/civil union dissolution court orders granting alimony, support, or equitable distribution against a member's monthly retirement allowance.

It is the responsibility of the member to provide the NJDPB with copies of all court orders as well as to comply with the provisions of the court orders.

## KNOW YOUR BENEFICIARY DESIGNATIONS

Members involved in a divorce or dissolution proceeding should discuss their beneficiary designation with their attorney at the time the divorce/dissolution papers are filed and again after the final decree has been issued. If you are unsure of your current beneficiary designations, you may obtain this information online using the Member Benefits Online System (MBOS). To register for MBOS, go to our website at: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)

You may also make a request in writing for the names of your beneficiaries on file with the NJDPB. Write to: New Jersey Division of Pensions & Benefits, P.O. Box 295, Trenton, NJ 08625-0295, and include your name, pension membership/retirement number or the last four digits of your Social Security number, and signature. For your protection, beneficiary designations cannot be confirmed or changed over the telephone or by email.

## ACTIVE MEMBERS

N.J.S.A. 3B:3-14 states that in cases of divorce or dissolution, even if your *Designation of Beneficiary* form indicates a former spouse/partner and/or relatives of the former spouse/partner as beneficiaries for life insurance, they cannot receive the benefit. Therefore, the life insurance proceeds become payable to your remaining primary beneficiaries, if any, contingent beneficiaries, if any, or your estate. The following exceptions will be honored and considered valid:

- You provide a court order that specifically designates your former spouse/partner to receive a life insurance benefit; or
- You file a *Designation of Beneficiary* form after the final date of judgment that names your former spouse/partner and/or relatives of your former spouse/partner as life insurance beneficiary.

## RETIRED MEMBERS

### Pension

Matrimonial/civil union dissolution orders regarding your retirement will not take effect until you retire and begin receiving a monthly retirement allowance. The court order can designate a specific dollar amount or percentage, or a percentage based on the number of years of pensionable service you accrued during the marriage/civil union, to be withheld from your retirement allowance. The amount is sent directly from the NJDPB to your former spouse/partner unless the order specifies another payee (i.e., a probation department). Any court-ordered withholding paid to your former spouse/partner from your retirement allowance will terminate upon your death or the death of the former spouse/partner.

### Survivor Benefits

If you are a member of the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF), at your retirement you can select an option beneficiary to receive a lifetime monthly pension benefit upon your death. Option beneficiaries chosen at retirement cannot be modified after your retirement becomes due and payable, regardless of changes in your marital/partnership status.

If the former spouse/partner is designated the beneficiary under a PERS or TPAF pension option — either voluntarily by the member or by court order — the

\*ERISA legislation authorizes the payment of retirement benefits in accordance with the requirements of a judge's executed divorce order issued by a court, generally in connection with the granting of a dissolution of a marriage or civil union.

surviving former spouse/partner is entitled to the survivor's benefit for as long as he or she lives.

If another person is designated as the beneficiary of the PERS or TPAF pension option, the divorced spouse/partner is not entitled to any equitable distributions from the survivor's benefit.

If you are a retiree of the Police and Firemen's Retirement System (PFRS) or the State Police Retirement System (SPRS), a divorce/dissolution automatically precludes your former spouse/partner from ever receiving a survivor's benefit. Upon your death or the death of your former spouse/partner, all withholdings mandated under a matrimonial/civil union dissolution order will cease.

If you are a retiree of the Judicial Retirement System (JRS), a divorce/dissolution precludes your former spouse/partner from receiving the statutory survivor's benefit; however, if the former spouse/partner is designated as the beneficiary under a JRS pension option — either voluntarily by the member or by court order — the surviving former spouse/partner is entitled to the survivor's pension option benefit for as long as he or she lives.

If another person is designated as the beneficiary of the JRS pension option, the divorced spouse/partner is not entitled to any equitable distributions from the survivor's pension option benefit.

## **Life Insurance**

In cases of divorce or dissolution, even though your retirement application may indicate your former spouse/partner and/or relatives of your former spouse/partner as beneficiaries for life insurance, they cannot receive the benefit. The proceeds from your life insurance policy become payable upon your death to your remaining primary beneficiaries, if any, contingent beneficiaries, if any, or your estate. The following exceptions will be honored and considered valid:

- You provide a court order that specifically designates your former spouse/partner to receive a life insurance benefit; or
- You file a *Designation of Beneficiary* form after the final date of judgment that names your former spouse/partner as life insurance beneficiary.

## **HEALTH INSURANCE FOR A FORMER SPOUSE OR PARTNER**

For loss of health insurance coverage due to divorce, dissolution of a civil union, or legal separation, your former spouse or partner is entitled to continue participation in the State Health Benefits Program (SHBP) or School Employees' Health Benefits Program (SEHBP) under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for a period not to exceed 36 months. Under COBRA, your former spouse/partner may be covered for health, dental, and prescription drug insurance during this 36-month period as long as she or he is unable to receive similar coverage on his or her own, through an employer, or through a new spouse/partner.

The cost of COBRA coverage is the responsibility of the participant and consists of the full group rate of the benefit, plus an additional two percent administrative charge.

You are responsible for notifying your employer within 60 days of a COBRA-qualifying event such as divorce, dissolution of a civil union, or legal separation. If you do not inform your employer of the change in dependent status within the 60 days, you may forfeit the dependent's right to COBRA coverage and become personally responsible for the cost of any health insurance required through a court order.

## **ADDITIONAL INFORMATION**

For additional information about your benefits and divorce or dissolution of a civil union, see our website.

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*This fact sheet has been produced and distributed by:*

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***[www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)***