

Most employees are eligible for a life insurance benefit through their enrollment in a New Jersey State pension plan. Employees enrolled in the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) are eligible for contributory and non-contributory life insurance. Employees enrolled in the Alternate Benefit Program (ABP) and the Police and Firemen's Retirement System (PFRS) are eligible for non-contributory life insurance.

The IRS considers all life insurance coverage over \$50,000 to be a fringe benefit subject to taxation. The cost incurred by the State to provide life insurance over \$50,000 is taxable, not the total value of the insurance. The formula to determine the cost is based on the employee's age and total value of life insurance in excess of \$50,000, minus any employee paid premiums. To find out the amount of your tax liability for your life insurance coverage for calendar year 2006, please refer to box 12C of your 2006 W-2 form.

For more information, including how you may determine the taxable amount of your life insurance benefit, please refer to fact sheet #22 through the NJ Division of Pensions & Benefits homepage:
<http://www.state.nj.us/treasury/pensions/epbam/exhibits/factsheets/fact22.pdf>

If you wish to waive non-contributory life insurance coverage over \$50,000, be aware that the waiver form must be received in the Division of Pensions & Benefits before December 31 to be effective January 1 of the next calendar year. Also be aware that the waiver will remain in effect until you submit a reinstatement form to the Division of Pensions & Benefits. The reinstatement will then become effective the following January 1. These forms are available in the Office of Payroll & Benefits. If you prefer to have the University forward your waiver or reinstatement form to the Division of Pensions & Benefits, please be sure your completed and signed form is received in the Office of Payroll & Benefits by December 21, 2007.