

## ABP - Group Term Life (GTL) Insurance - Summary

All ABP members are covered by employer-paid life insurance, payable to their designated beneficiaries, in the amount of 3.5 times the employee's annual base salary. This coverage is available without a medical examination to members under age 60.

**Newly enrolled ABP members 60 years of age or older** must undergo a review process immediately upon enrollment to determine eligibility for ABP Group Term Life insurance (GTL). The New Jersey Division of Pensions and Benefits will send you a Prudential Life Insurance Application Form upon enrollment in the ABP. You will be required to complete this form, and undergo a medical examination to qualify for group term life insurance. Determinations regarding your eligibility for ABP Group Term Life insurance will be issued by the New Jersey Division of Pensions and Benefits.

The Internal Revenue Service (IRS) classifies all life insurance coverage over \$50,000 as a fringe benefit subject to taxation. While the amount of the life insurance coverage is not taxable, the premium required to pay for the life insurance coverage is taxable.

**Waiving GTL Coverage over \$50,000:** Chapter 62, PL 1994 permits members of the State retirement systems to waive their Noncontributory Group Life Insurance over \$50,000 to avoid a possible federal and State tax liability on that benefit. Any member who waives the Noncontributory Group Life Insurance, must waive the total amount of Noncontributory Group Life Insurance coverage in excess of \$50,000. Waivers of partial amounts are not permitted.

To avoid taxation, a member may waive Noncontributory Group Life Insurance coverage by completing a Waiver Of Noncontributory Group Life Insurance in Excess of \$50,000 form and submitting it to the Division of Pensions and Benefits. The waiver form, available from the Division of Pensions and Benefits, must be received by the Division 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. Before completing the waiver, the member should completely understand the ramifications of waiving Noncontributory Group Life insurance. For more information, please refer to Internal Revenue Service Publication 525, which is available through the IRS Forms Distribution Center at (800) 829-3676.

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Employee Signature

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Date

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Employee Name (Please Print)

