

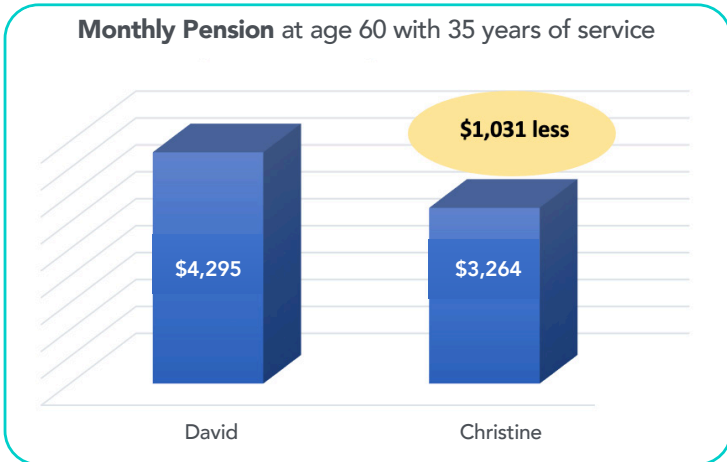


# PENSION JUSTICE! EQUITY-SECURITY-DIGNITY

## How the Pension System **DIVIDES** Us

Over the last decade and a half, the economic standing of NJ public employee pensions has changed dramatically. The tiering of the pension system has made it so that tens of thousands of members earn a much lower pension or no pension, making a secure retirement out of reach.

Here is a comparison of David and Christine’s pensions if they both retire at age 60 with 35 years of service.



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### Let’s take a look at the DIVIDE:

- David and Christine are married. Christine began teaching in September 2000 at age 22 and David began teaching in September 2003 at age 25, putting them both in tier 1.
  - In 2009, Christine stopped working when she had her second child. She came back three years later. Christine’s district allowed a one-year maternity leave. However, since she began working again a full 24 months after the end of that approved leave, Christine lost her Tier 1 account.
  - When Christine began working again in 2012, she was put into tier 5. If Christine wants credit for the nine years of service she had prior to having children, she has to buy that time into her tier 5 account. Not only does she have to purchase her prior nine years, but her retirement terms are now much different than her husband, David’s.
  - David and Christine are both paying 7.5% of each paycheck into their pension.
  - David can retire with an unreduced pension in 2033. Christine can’t retire with her full pension until 2043.
  - If Christine were to retire at age 60 like her husband plans to, she would take a 15% age penalty for life on her pension.
  - Christine has a vastly different retirement situation than David, all because she took three years off to raise their children. \*
- \* **Note:** Losing tier status can happen for reasons other than a maternity leave – any time someone has a more than 24-month break in service (not including approved leaves), the existing pension account closes. When you return to work, you must open a new pension account, which would be tier 5.