**Why naming a beneficiary designation is SO essential.**

Analysis of *Keith Isaac, Deceased v. Board of Trustees, Police and Firemen’s Retirement System* (N.J. July 31, 2025) (Decision attached).

**Issue**

Did the Board of Trustees of the Police and Firemen’s Retirement System (PFRS) lawfully distribute over $200,000 in unpaid pension benefits to the decedent’s estranged spouse, based on her identification as his spouse on the retirement application, or did the relevant statute instead require distribution to the estate due to the lack of an explicit written beneficiary designation?

**Rule**

1. N.J.S.A. 43:16A-12.2: Upon a PFRS member’s death, any unpaid benefits “shall be paid in one lump sum to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the retirant’s estate.”
2. N.J.S.A. 43:16A-12.1: Governs the automatic survivors’ pension, which is not subject to member designation – it is distributed by statute to the surviving spouse or children.
3. Statutory Clarity: The “written designation” for unpaid benefits is discretionary and must be explicit; otherwise, the estate receives the unpaid benefits.
4. Principle: Agency decisions cannot rewrite clear statutory requirements or infer intent absent the prescribed formalities.

**Application**

1. Factual Context: Keith Isaac applied for special retirement, listing Roxanne (estranged spouse) as his wife in the “Marital/Survivor Information” section (relating to the automatic survivors’ pension) but never made a formal written designation for unpaid pension benefits. After Isaac’s death but before distribution of his unpaid benefits, the Board paid the funds to Roxanne. The estate objected, arguing the statute required payment to the estate, not to Roxanne, absent a written designation.
2. Board’s Reasoning (Rejected by Court): The Board and the Office of Administrative Law found that naming Roxanne in the “Marital/Survivor Information” section sufficed as a beneficiary designation for unpaid benefits, supposedly furthering legislative intent to protect families.

Appellate Division: Remanded for further fact-finding as to Isaac’s probable intent.

Supreme Court Interpretation: The Supreme Court held:

1. The statutory language is clear: Only a \*\*formal “written designation” triggers payment to a named beneficiary; otherwise, unpaid funds must go to the estate.
2. The “Marital/Survivor Information” section solely facilitates distribution of the automatic survivors’ pension (which is not subject to member discretion), not unpaid benefits.
3. Isaac’s retirement application amounted to \*\*no valid written designation\*\*; therefore, the Board's payment to Roxanne was arbitrary, capricious, and unreasonable.
4. There is no need to seek or infer Isaac’s probable intent beyond what is required by statute.

**Conclusion**

The New Jersey Supreme Court reversed the Appellate Division and ordered that the $208,950.03 in unpaid benefits be distributed to Keith Isaac’s estate, not to his estranged spouse. The Court firmly held that, absent a formal written beneficiary designation for unpaid benefits as required by N.J.S.A. 43:16A-12.2, such funds must go to the estate. Attempts to infer the decedent's intent or rely on information provided only for survivors’ pensions are not authorized by the statute. The Board’s future action must be consistent with this statutory mandate, and the agency was urged to update forms to prevent similar confusion.

Robert is not a lawyer.

If you need legal advice or want a legal opinion on the above, please contact a lawyer.