

# Disability Retirement Benefits

Public Employees' Retirement System • Teachers' Pension and Annuity Fund

**Ordinary Disability and Accidental Disability Retirement** is **only** available to PERS or TPAF members enrolled *on or before* May 21, 2010 (membership **Tier 1, Tier 2, and Tier 3**).

Under the provisions of Chapter 3, P.L. 2010, (membership Tier 4) and Chapter 78, P.L. 2011 (membership Tier 5) PERS or TPAF members *may* be eligible for disability insurance coverage. See your employer or contact the Division of Pensions and Benefits, Office of Client Services for more information.

## ORDINARY DISABILITY

The processing of Ordinary Disability retirement benefits normally takes 6 to 8 months. To qualify for Ordinary Disability retirement benefits you must:

- have an active pension account (active membership ceases after discontinuance of pension contributions for more than two consecutive years<sup>1</sup> or withdrawal of member contributions from the retirement system); and
- have 10 or more years of New Jersey service credit in the pension system (**the purchase of out-of-state, military, and U.S. government civilian service cannot be used to attain the 10 years**); and
- be considered permanently and totally disabled (you must prove that you are physically or mentally incapacitated from performing your normal or assigned job duties or any other position that your employer may assign).
- provide any and all medical reports or corroborating evidence on file that supports your disability.

If the medical documentation supplied by you is not sufficient to support your claim of disability, you may be required to be examined by physicians selected by the retirement system. The examination will be

<sup>1</sup>Special rules apply for former members who discontinued service after two years and terminated employment because of a disability. Contact the Division of Pensions and Benefits for more information.

scheduled at no cost to you by the Division of Pensions and Benefits.

If you qualify for an Ordinary Disability retirement benefit, the annual benefit is equal to 43.6 percent of your Final Average Salary (FAS).

“Final Average Salary” means your average salary for the 36 months (30 months for members paid on a 10 month basis) immediately preceding your retirement on which pension contributions were taken. If your last 36 months are not your highest years of salary, your allowance may be calculated using your three highest fiscal years (July 1 to June 30) of salary. If this is the case, please indicate on your retirement application that you had higher fiscal years of salary.

**Calculation Example:** In the 36 months prior to retirement, a member’s average salary was \$45,000. After approval of Ordinary Disability retirement benefits, the member would be entitled to an annual benefit of \$19,620 ( $\$45,000 \times 0.436$ ) under the Maximum Option (see Fact Sheet #5, *Pension Options*, for an explanation of other options that provide for survivor benefits).

The retirement benefit is not reduced by any Social Security, Workers’ Compensation, or private insurance benefits that may be payable. However, any Workers’ Compensation award you receive may be reduced. See your employer for details.

Ordinary Disability retirement benefits are subject to federal tax to the same extent as other pensions; your benefits are not subject to New Jersey State income tax until you reach age 65.

## ACCIDENTAL DISABILITY

The processing of Accidental Disability retirement benefits normally takes 6 to 8 months. To qualify for Accidental Disability retirement benefits you must:

- have an active pension account (active membership ceases after discontinuance of pension contributions for more than two consecutive years);

- be considered permanently and totally disabled (you must prove that you are physically or mentally incapacitated from performing your normal or assigned job duties or any other position that your employer may assign.) as a “direct result of a traumatic event” (see definition below), that happened during and as a direct result of carrying out your regular or assigned job duties;
- be an active member of the PERS or TPAF on the date of the “traumatic event” ;
- file an *Application for Disability Retirement* within five years of the date of the “traumatic event”;
- be examined by physicians selected by the retirement system at no cost to you; and
- provide any and all accident reports, witness reports, and corroborating evidence on file for any and all accidents for which you are filing.

‘**Direct Result of a Traumatic Event**’ has been defined by the courts as an occurrence that is:

- identifiable as to time and place;
- undesigned and unexpected;
- caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work);
- occurred during and as a result of the member’s regular or assigned duties;
- was not the result of the member’s willful negligence; and
- results in the member’s permanent and total incapacitation from performing his or her usual or any other duty.

When there is an issue of mental incapacity, the member must also establish that the event that forms the basis for an accidental disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from “direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person.”

If you qualify for an Accidental Disability retirement benefit, you will receive 72.7 percent of your base salary at the time of the traumatic event.

**Calculation Example:** On the date of the traumatic event that caused the member’s disability, a member’s annual salary was \$45,000. After approval of Accidental Disability retirement benefits, the member would be entitled to an annual benefit of \$32,715 ( $\$45,000 \times 0.727$ ) under the Maximum Option (see Fact Sheet #5, *Pension Options*, for an explanation of other options that provide for survivor benefits).

If you are receiving periodic Workers’ Compensation benefits, your Accidental Disability retirement benefits will be reduced dollar for dollar by the periodic benefits paid after your retirement date. The retirement benefit is not reduced by any Social Security or private insurance benefits that may be payable.

The Division of Pensions and Benefits reports your Accidental Disability retirement benefit as exempt from federal income tax; your benefits are not subject to New Jersey State income tax until you reach age 65.

If you apply for Accidental Disability retirement and are found by the Board of Trustees to be permanently and totally disabled, but not because of a traumatic event or the event was not the primary cause of your disability, you will be retired on an Ordinary Disability if you have 10 years of New Jersey service in the retirement system. You may be offered a Service or Early Retirement depending on your age and service credit at the time the application is received.

### APPLYING FOR DISABILITY RETIREMENT BENEFITS

The *Application for Disability Retirement* can be submitted online using the **Member Benefits Online System** (MBOS). Before you can begin using the system, you must be registered with MBOS. Registration is free. To begin the MBOS registration process go to our Web site at:

[www.state.nj.us/treasury/pensions/mbosregister.shtml](http://www.state.nj.us/treasury/pensions/mbosregister.shtml)

You can also obtain an *Application for Disability Retirement*:

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- by printing the application from the Division of Pensions and Benefits Web site at: [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)
- by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295;
- by contacting the Office of Client Services at (609) 292-7524; or
- by e-mail request to: [pensions.nj@treas.state.nj.us](mailto:pensions.nj@treas.state.nj.us)

The *Application for Disability Retirement* includes forms for your physicians to complete and a release for any hospital records related to your disability. Applicants for disability retirement must submit all supporting hospital and physician records using the forms provided with the application. Two forms of medical documentation are required; i.e. a statement from two treating physicians or one statement and records from a hospital stay related to the disability. Applications and supporting documents should be submitted to:

**Division of Pensions and Benefits  
Disability Review Unit  
PO Box 297  
Trenton, NJ 08625-0297**

All medical information is kept confidential and used only by the Board of Trustees in reviewing the claim.

You must pay for the cost of any medical documentation that may be required to prove your claim.

For example, if you had a hospital stay due to your disability and the hospital charges for the duplication of medical records from your stay, you would be responsible for any cost involved. The more complete the application, the faster it can be processed.

### OTHER INFORMATION

In order to be eligible to receive either Ordinary or Accidental Disability retirement benefits, you must terminate all retirement system covered employment prior to your retirement date.

Your employer has the right to apply for an involuntary disability retirement on your behalf. Along with the retirement application **State employers must provide** an official letter from the Department's high-

est authority; **Local employers must provide** a copy of a resolution adopted by the governing body, certifying that the employee is disabled and unable to perform the employee's regular or assigned duties.

The approval of Workers' Compensation or Social Security disability benefits has no bearing on your application for disability retirement from the retirement system.

If you retire with an outstanding loan balance, your monthly loan repayment schedule will continue into retirement until the loan balance plus interest has been repaid.

### Group Life Insurance

Most members of the retirement system are covered by group life insurance. If you are covered immediately prior to your retirement, you are entitled to reduced coverage in retirement as follows:

#### **PERS Members**

If you retire on a disability retirement, you are covered by group life insurance in the amount of 1½ times your final salary until age 60. At age 60 your life insurance coverage automatically reduces to 3/16 of your final salary.

#### **TPAF Members**

- If you retire on a disability retirement with contributory and noncontributory group life insurance, you are covered by group life insurance in the amount of 1¾ times your final salary until age 60, when your life insurance coverage automatically reduces to 7/16 of your final salary.
- If you retire on a disability retirement with noncontributory group life insurance *only*, you are covered by group life insurance in the amount of 1½ times your final salary until age 60, when your life insurance coverage automatically reduces to 3/16 of your final salary.

#### **Conversion**

When your group life insurance is reduced, you have 31 days to convert the amount of insurance reduced to private individual insurance coverage. Please see Fact Sheet #13, *Conversion of Group Life Insurance*, for more detailed information.

**Employment after Retirement**

Since Ordinary and Accidental Disability benefits are considered retirement benefits, you no longer accumulate pension membership credit in the retirement system after approval by the Board of Trustees. Normally, all PERS and TPAF disability retirees are subject to an annual earnings test. If your pension, when added to the earnings from any employment, exceeds what your former position currently pays, your pension will be reduced dollar for dollar by the excess earnings over the current salary of your former position. Each year the Division of Pensions and Benefits may request copies of your previous year's federal tax return, *W-2* forms, and *Form 4506T*.

If you are a disability retiree, before you can return to active service in a PERS or TPAF eligible title you must:

1. Make a written request to return to active service to the Division of Pensions and Benefits.
2. Submit a physician's report to the Division certifying that you are no longer disabled and can return to employment. The physician should be one with the same specialty as the physician who originally certified that you were disabled.
3. Be examined by a physician appointed by the Board of Trustees.
4. Be approved for return to active service by the Board of Trustees.

When you return to active service your original account and membership tier are restored — provided that you will earn at least the minimum annual salary required for enrollment in your PERS or TPAF membership tier. Deductions for pension begins and you are treated as an active employee in all respects. Upon subsequent retirement, you will receive a benefit based on total service.

**Health Benefits**

Fact Sheet #11, *Enrolling in Health Benefits Coverage When You Retire*, provides information about continuing your State Health Benefits Program (SHBP) or the School Employees' Health Benefits Program (SEHBP) coverage in retirement.

If you are not covered by the SHBP or the SEHBP, contact your employer about continuing your coverage.

**Cost-of-Living Adjustments**

The Pension Adjustment Program provides cost-of-living adjustments (COLA) to you and your eligible survivors if you are receiving a monthly retirement allowance from one of the state-administered retirement systems. The first adjustment is available in the 25th month after your retirement. Subsequent cost-of-living adjustments are computed annually and the adjustment is reflected in the February 1st check (which is payment for the month of January). If your spouse or beneficiary is entitled to receive a monthly pension upon your death, the COLA will be applied to that benefit based upon your year of retirement. See Fact Sheet #18, *Cost-of-Living Adjustments*, for further information.

**Fact Sheets and Forms**

The fact sheets, forms, and other publications mentioned above are available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at:

[www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)

**Member Benefits Online System**

Active employees and retirees can access information about their benefits using the Member Benefits Online System (MBOS). MBOS is a set of Internet based applications that allow registered members quick and safe access to specific information about their own pension. You can log on or register for MBOS at: [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions) (select "Online Member Services - MBOS").

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This fact sheet has been produced and distributed by:

**New Jersey Division of Pensions and Benefits • PO Box 295 • Trenton, New Jersey 08625-0295  
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This fact sheet is a summary and not intended to provide total information.

Although every attempt at accuracy is made, it cannot be guaranteed.

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