

# Long-Term Disability for PERS and TPAF Tiers 4 and 5

Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF)

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Ordinary or Accidental Disability Retirement\* is not available to members enrolled in Tier 4 or Tier 5 of the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF).

As an alternative benefit, Tier 4 and Tier 5 actively contributing members of the PERS or TPAF are eligible for employer-paid **long-term disability insurance coverage**. The long-term disability insurance is administered for the PERS and TPAF by Prudential.

## ELIGIBILITY

Most Tier 4 and Tier 5 members hired on or after May 21, 2010, become eligible for long-term disability insurance coverage after one year of continuous employment in a PERS or TPAF covered position. However, members who are age 60 or older at the time of enrollment must provide satisfactory evidence of insurability before they are eligible for this coverage.

A member on an official leave of absence without pay will remain eligible for the disability insurance coverage for up to six months, provided that satisfactory evidence is presented to the Division of Pensions and Benefits that the leave of absence is due to illness and that the member was not actively engaged in any gainful occupation during the leave of absence.

## DISABILITY BENEFITS

A disability benefit may begin after six consecutive months of disability due to an occupational or nonoccupational condition. To be considered disabled due to sickness or accidental bodily injury, the member must be unable to perform the material and substantial duties pertaining to his/her regular occupation. The member need not be confined to home, but must be under a doctor's regular care.

If determined to be disabled, a member is eligible to receive a monthly benefit of 60 percent of the base salary on which PERS or TPAF contributions were made during the 12 months preceding the onset of the disability. This monthly benefit is offset by any other periodic benefit the member may be receiving, such as Workers' Compensation, short-term disability, or Social Security. In addition, while the member is considered disabled, the member's mandatory contributions are paid by Prudential and credited to the member's PERS or TPAF account. Employer mandatory contributions are paid for the member by the employer.

## TOTAL DISABILITY

A member is determined to be totally disabled, if 18 months after the onset of a long-term disability, the member is unable to engage in any gainful occupation for which he/she is reasonably suited by education, training, or experience. Total disability is not considered to exist if the member is gainfully employed, incarcerated, or if the disability resulted from pregnancy, an act of war, or was intentionally self-inflicted.

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\*PERS or TPAF members enrolled in Tiers 1, 2, or 3 should refer to Fact Sheet #16, *Disability Retirement Benefits (PERS & TPAF)*.

Benefits will be paid as long as the member remains disabled (a reduced benefit during a limited period of rehabilitation may be available) or until the member attains age 70. If the member becomes eligible and begins to receive a retirement benefit under the PERS or TPAF, the disability benefits terminate.

### **GROUP LIFE INSURANCE**

While receiving long-term disability insurance benefits, members also remain covered under the PERS or TPAF Group Life Insurance to the same extent that they were covered as employees prior to being disabled. Any employee contributions required for group life insurance premiums are paid by Prudential. Employer contributions for Group Life Insurance are paid by the employer.

When a member receiving long-term disability insurance benefits qualifies and begins to receive a retirement benefit under the PERS or TPAF, group life insurance benefits are reduced for PERS or TPAF retirees. Conversion privileges are available for the purchase of additional insurance coverage up to the amount of the reduction — for details see Fact Sheet #13, *Conversion of Group Life Insurance*.

Full details about the actively employed and reduced retirement amounts of group life insurance for PERS and TPAF members are available in Fact Sheet #58, *Group Life Insurance (PERS and TPAF)*.

### **HEALTH BENEFITS**

A member who is disabled and receiving a benefit under long-term disability insurance coverage remains eligible for employer-provided health benefit coverage in the same manner as coverage is provided by the employer to *retirees* of the PERS or TPAF.

- For employees covered under the State Health Benefits Program (SHBP) or the School Employees' Health Benefits Program (SEHBP), enrollment into SHBP or SEHBP Retired Group coverage is offered upon qualifying for a long-term disability insurance benefit. When eligible, the Division's Health Benefits Bureau will send the employee an offering letter which includes information on completing the SHBP/SEHBP *Retired Coverage Enrollment Application*.
- Employees who are not covered under the SHBP or SEHBP through their employer should contact their Benefits Administrator for information on continuing health benefits coverage while receiving long-term disability insurance benefits.

### **TAXATION OF LONG-TERM DISABILITY BENEFITS**

Long-term disability insurance benefits are subject to federal tax to the same extent as regular income. Federal tax withholding from the benefit is available through Prudential. Questions about federal tax should be referred to the Internal Revenue Service at 1-800-TAX-1040.

Long-term disability insurance benefits may be exempt from New Jersey State income tax. Contact the New Jersey Division of Taxation at 1-800-323-4400 or refer to the *NJ Gross Income Tax Return Form 1040* instructions to determine how your benefit is taxed.

For residents of states *other than* New Jersey, please contact your home state's office of taxation to determine the taxability of long-term disability insurance benefits.

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**APPLYING FOR LONG-TERM DISABILITY BENEFITS**

The process of applying for a long-term disability benefit begins by completing the *Long-Term Disability Insurance Application*.

Download and print the application from the Division of Pensions and Benefits Web site: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions) At the home page, click on “Active Pension Members” and then click on the link for “Long-Term Disability for PERS and TPAF Tiers 4 and 5.”

The application includes sections for the employee, his or her treating physician, and the employer to complete. When completing the application, enter the Control Number **14800** for PERS/TPAF Long-Term Disability Insurance and the Branch Numbers that correspond to your employer type: **00045** for PERS Local Government/Education; **00046** for PERS State; or **00047** for TPAF.

- Complete the *Employee Statement* portion of the application — providing all requested information about yourself, your job, and your disabling condition, and have your treating physician(s) complete the “attending physician’s statement.” **Submit the completed application to Prudential**, using the address provided in the application packet.
- The employer completes the *Employer Statement*, which includes information about the employee’s occupation, coverage effective date, and the employee’s salary information for the final 12 months prior to the month in which the disabling event occurred, and **sends the completed application to Prudential**.

Prudential will notify the Division of Pensions and Benefits that a long-term disability claim is pending and begin the initial processing. Processing times vary. If any required information is missing from the application, Prudential will contact the employee or the employer to obtain the necessary information.

When all required information has been obtained, Prudential makes a determination as to whether or not the disability is approved and will notify the employee directly. The employer and the Division of Pensions and Benefits also are notified of the determination.

Additional information regarding a claim is available by calling the Prudential Disability Management Office at 1-800-842-1718 or at: [www.prudential.com/mybenefits](http://www.prudential.com/mybenefits) (**note:** registration with Prudential is required for first-time users).

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

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