

The Employer's Role in a Disability Retirement

Public Employees' Retirement System • Teachers' Pension and Annuity Fund • Police and Firemen's Retirement System

This fact sheet is intended for benefits administrators, human resource representatives, and/or those responsible for delivering pensions and benefits services to members of the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF), and the Police and Firemen's Retirement System (PFRS).

RECOGNIZE ELIGIBILITY

To determine whether or not your employee may be eligible to file for a disability retirement, refer to the fact sheets describing disability requirements (Fact Sheet #15 for PERS and TPAF members or Fact Sheet #16 for PFRS members). This fact sheet outlines the application process for **Tier 1, Tier 2, and Tier 3** members of the PERS and TPAF, and for all members of the PFRS. See the online Employer Pensions and Benefits Administration Manual (EPBAM) for a more detailed explanation of the membership tiers for PERS and TPAF. Under the provisions of N.J.S.A. 43:15A-42.1, PERS or TPAF members enrolled after May 21, 2010, (membership **Tier 4 or Tier 5**) may be eligible for disability insurance coverage. See Fact Sheet #85, *Long-Term Disability for PERS and TPAF Tiers 4 and 5*.

ASSIST IN FILING OF APPLICATION

Registered members must apply for disability retirement online using the Member Benefits Online System (MBOS). To begin the registration process, employees should go to the Division Web site at: www.nj.gov/treasury/pensions/mbosregister.shtml

The disability application includes several forms that must be completed by the employee, you (the employer), the treating physician, and the hospital. An application is not considered complete and cannot be processed until all these forms have been submitted to the Division. The forms can be submitted separately; however, **filing these forms in a timely manner will help to expedite the processing of the application.**

Advise your employee to complete all of the following four steps:

1. The employee must complete the **Application for Disability Retirement** through MBOS. If the date requested by the employee is prior to the date of submission to the Division, the retirement date automatically will be the first day of the month following submission of the application. For example: The employee requests a May 1 retirement date, but the application is submitted on May 15 — the retirement date will be June 1 because the application was received after the requested retirement date.
2. The employee must complete the **Authorization to Disclose Health Information**. If hospitalized for the disability, the employee should give the form to the hospital. The form instructs the hospital to mail the records to the Division of Pensions and Benefits. If there is any charge for these records, it must be paid by the employee. If not hospitalized for the disability, the employee should write "not hospitalized" on the form and submit it to the Division.

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3. The employee must also give the ***Medical Examination by Personal or Treating Physician*** form to the physician who has been treating the employee for the disability. If not hospitalized for the disability, the Division requires two (2) of the physician forms — one each from two different physicians.
4. You (the employer) should complete the ***Employer Certification for Disability Retirement*** via the Employer Pensions and Benefits Information Connection (EPIC). Submit the certification as soon as possible following the employee's submittal of the Retirement Application to the Division. For an Accidental Disability, submit all accident reports, including daily duty logs and investigative reports related to the accident.

Note: If the employee is facing civil, criminal, or departmental charges, or has a settlement agreement, a statement of those charges and their disposition should be forwarded to the Division as well. It must be shown that the employee has separated from employment as a result of the disabling condition. The Division reviews disability applications to determine if they are eligible for processing. If it is determined that the reason for termination is not from the disability, the member may be deemed ineligible to apply for a disability retirement.

THE PROCESSING OF THE APPLICATION

The Division of Pensions and Benefits will process the applications of all eligible applicants. The application process consists of the following:

- All Accidental Disability applicants are required to undergo an independent medical examination (IME) by a State-appointed physician. Ordinary Disability applicants may be required to have such an examination if the medical documentation submitted is not sufficient to make a determination. The examination will be scheduled at no cost to the member by the Division. Failure to appear at the initial examination will result in future exams being at member's expense. Also, if additional medical documentation is submitted after the initial IME, the member will be required to pay for any subsequent review of reports. Failure to provide payment in advance for a rescheduled IME or report review within 90 days of the initial appointment date will result in the dismissal of the retirement case.
- The employee's file is forwarded to the Division's Medical Review Board, which reviews the medical documentation and makes a recommendation to the retirement system's Board of Trustees.
- The Board of Trustees makes a final decision to either approve or deny the application upon consideration of the records and the recommendation of the Medical Review Board. The employee is notified in writing of the Board of Trustees' decision and a photocopy will be forwarded to your office.
- If the application is approved, the Board of Trustees forwards the application to the Retirement Bureau for calculation of the retirement benefit. The employee will receive a final quotation of the benefit and payment of the first check.
- If the application is denied, the employee has the right to appeal the decision in writing to the Board of Trustees. The process for appealing is outlined in the denial letter sent to the member.

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FILING GUIDELINES

Since the processing of the disability application can take six months or more, advise your employee to file as early as possible to avoid extended periods without income. Advise your employee to file for retirement as of the first day of the following month that he or she will be off your payroll. However, as stated on the previous page, the effective date cannot be prior to the Division's receipt of the application.

The employee can remain on a leave of absence without pay during the processing of the application. The leave of absence status will maintain the employer-employee relationship during this period for the purpose of death and/or health benefits.

If the disability retirement is approved by the Board of Trustees, the employee will be paid retroactively to the effective retirement date.

**EMPLOYERS WHO PARTICIPATE IN THE STATE HEALTH BENEFITS PROGRAM
OR SCHOOL EMPLOYEES' HEALTH BENEFITS PROGRAM**

In order to ensure that your employee remains eligible for continuation of their health insurance, employers should follow these guidelines:

- State Health Benefits Program (SHBP) or School Employees' Health Benefits Program (SEHBP) coverage must continue, **uninterrupted**, into retirement. This means that an employee on an approved leave of absence must maintain SHBP/SEHBP coverage as an active employee until the effective retirement date. You (the employer) may pay for the cost of the coverage for employees on approved leaves for illness in accordance with SHBP/SEHBP regulations or require the employee to pay the full cost of the premium.
- If the leave of absence extends beyond the eligible coverage continuation period, the employee should continue coverage under the provisions of the COBRA law.
- The Health Benefits Bureau will send the employee a letter offering continued health benefits coverage under the provisions of COBRA. Members of non-participating locations will not be offered COBRA coverage through the SHBP/SEHBP.
- If a disability retirement is approved, the Health Benefits Bureau will send the employee a letter offering continued coverage in retirement. The employee must complete a *Retired Coverage Enrollment Application*. Members entitled to employer-paid or retirement system-paid health insurance will receive a refund of the COBRA premiums they paid to the program for coverage after the effective date of retirement, minus any premiums owed as a retiree.

INVOLUNTARY DISABILITY RETIREMENT

As the employer, you have the right to file a disability retirement application through EPIC on behalf of an employee who is either unable or unwilling to file the application. State employers must provide a letter from the Department's highest ranking authority and local employers must provide a resolution adopted by the governing body or appointing authority of the employing agency. The letter/resolution must indicate the intent to involuntarily retire the employee and state that, in the employing authority's opinion, the employee is "totally and permanently disabled" from fulfilling his or her job duties (employers should also include any pertinent medical records). An employer submitting an Involuntary Disability Retirement application for a PERS or TPAF member must select the Maximum Option. For all funds, the employer must also select "estate" as the member's beneficiary.

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After the Division of Pensions and Benefits receives an application for an involuntary retirement, the Division notifies the employee of the circumstances and advises the employee of his or her right to contest the application. The employee has 30 days to contest, in writing, the filing of the application.

The employee will be required to undergo an independent examination by a State appointed physician. If the employee is found to be totally and permanently disabled, the employee has 30 days from the Board approval date to change the pension option and beneficiary designation. If the employee is found not to be totally and permanently disabled, you will be informed to return the employee to duty.

OTHER IMPORTANT FACTORS

- In extreme situations where your employee's condition is terminal and death is imminent, you can contact the Division of Pensions and Benefits for assistance in expediting the retirement.
- Advise your employee to contact the Division of Pensions and Benefits to request an estimate of the benefits available under a disability retirement.
- Accidental Disability benefits are subject to a dollar-for-dollar offset while the employee is receiving periodic Workers' Compensation benefits. Ordinary Disability benefits are not affected by Workers' Compensation benefits.
- The employee has the right to appeal any decision made by the Board of Trustees.

The Employer Pensions and Benefits Administration Manual (EPBAM) is available online at www.nj.gov/treasury/pensions/epbam/index.htm with more information about disability retirements, including fact sheets, forms, and applications mentioned in this publication.

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