



# Disability Retirement Benefits

Information for:

Police and Firemen's Retirement System (PFRS)

## ORDINARY DISABILITY

The processing of Ordinary Disability Retirement benefits normally takes six to eight months. To qualify for Ordinary Disability Retirement you must:

- be a member in service at the time the application is filed with the New Jersey Division of Pensions & Benefits (NJDPB). "Member in service" means that the member or employer was making pension contributions to the retirement system at the time of filing the application for Ordinary Disability Retirement. It may also mean that the member was on an approved leave of absence, paid or unpaid, or suspension, paid or unpaid, at the time of filing the application. If the member had pending litigation for wrongful termination filed against the employer, the member has 30 days from the date the litigation is resolved to file for disability retirement in order to be considered a member in service;
- have four 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 four 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);

- have separated from employment as a result of the alleged disabling condition;
- provide medical reports or corroborating evidence on file that supports your disability (the required documentation must be received within six months of the date of filing the application. If the documentation is not received, the retirement will be canceled and you will need to complete a new *Application for Ordinary Disability Retirement* for a future date); and
- complete the *Authorization for Release of Information (HIPAA)*.

The regulations governing the retirement system require two physician reports (or one physician report and one hospital record) to be supplied when you apply for disability retirement. In addition, you may be required to be examined by physicians selected by the retirement system.

If you qualify for an Ordinary Disability Retirement, the annual benefit is equal to 40 percent of your Final Compensation or 1.5 percent of your Final Compensation for each year of service credit, whichever is higher.

"Final Compensation" — for a PFRS **Tier 1** member enrolled *on or before* May 21, 2010, Final Compensation means the salary upon which pension contributions were based in the last 12 months of creditable service preceding retirement.

For a PFRS **Tier 2** member (enrolled *after* May 21,

2010, and *before* June 28, 2011) or **Tier 3** member (enrolled on or after June 28, 2011), Final Compensation means the average salary upon which pension contributions were based for any three fiscal years of membership preceding retirement that provides the largest possible benefit.

The retirement benefit is not reduced by any Social Security 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.

## INVOLUNTARY ORDINARY DISABILITY RETIREMENT

Your employer has the right to apply for an Involuntary Ordinary Disability Retirement on your behalf provided that you meet the qualifications for Ordinary Disability Retirement. Along with the retirement application, **State employers must provide** an official letter from the department's highest authority; **local employers must provide** a copy of a resolution adopted by the governing body stating that, in the employing authority's opinion, the employee is "totally and permanently disabled" from fulfilling his or her job duties (include any pertinent medical records).

- A PFRS member with at least four years of

service, but less than 20 years, who meets the qualifications for Ordinary Disability Retirement shown above and who is required to retire upon application by the employer, will receive an Ordinary Disability Retirement allowance of 40 percent of Final Compensation, or 1.5 percent of Final Compensation for each year of service, whichever is higher.

- A PFRS member with 20 or more years of service will receive an allowance equal to 50 percent of Final Compensation plus an additional three percent of Final Compensation for every year of service over 20 but not over 25 years.

An employer submitting an Involuntary Disability Retirement application must list the member's beneficiary as "estate." If the retirement is approved by the Board of Trustees, the member may change the life insurance beneficiary within 30 days. The member cannot change the date of retirement under an Involuntary Disability Retirement.

## ACCIDENTAL DISABILITY

The processing of Accidental Disability Retirement benefits normally takes six to eight months. To qualify for Accidental Disability Retirement you must:

- be a member in service at the time the application is filed with the NJDPB. "Member in service" means that the member or employer was making pension contributions to the retirement system at the time of filing the application for Accidental Disability Retirement. It may also mean that the member was on an approved leave of absence, paid or unpaid, or suspension, paid or unpaid, at the time of filing the application. If the member had pending litigation for wrongful termination filed against the employer, the member has 30 days from the date the litigation is resolved to file for disability retirement in order to be considered a member in service;
- be considered permanently and totally disabled (you must prove that you are physically or men-

tally 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 PFRS on the date of the "traumatic event";
- have separated from employment as a result of the alleged disabling condition;
- file an application for *Application for Accidental 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;
- provide medical reports to support the application for disability including but not limited to accident reports, witness reports, and corroborating evidence on file for any and all accidents for which you are filing; and
- complete the *Authorization for Release of Information (HIPAA)*.

**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 caused

by a nonphysical event, 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, the annual benefit is equal to 2/3 of your annual compensation on which pension contributions were being made at the time of retirement or the date of the traumatic event, whichever provides the higher benefit.

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 NJDPB 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 granted an Ordinary Disability Retirement if you have at least four years of New Jersey service in the retirement system. You may be offered a Service or Special Retirement depending on your age and service credit at the time the application is received.

## SPECIAL DISABILITY RETIREMENT

To qualify for Special Disability Retirement benefits you must:

- be a member in service at the time the application is filed with the NJDPB (an official leave of absence is considered in service);
- be under 55 years of age;
- have five or more years of New Jersey service credit;
- receive a heart transplant; and
- provide any and all medical reports or corroborating evidence on file that supports your disability.

The annual benefit calculation for a Special Disability Retirement is equal to 50 percent of Final Compensation.

## APPLYING FOR DISABILITY RETIREMENT BENEFITS

Paper applications are not accepted. The Disability Retirement application must be submitted online using the Member Benefits Online System (MBOS). To log on to MBOS, go to: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)

Filing for a 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 linked from the online application. Two forms of medical documentation are required and **specific forms available from the NJDPB must be used**: the NJDPB requires any hospital/medical records and one (1) of OUR treating physician statement forms. If no other hospital/medical records are available, the NJDPB requires two (2) of OUR treating physician statement forms — one each from two different physicians. These forms are available in the online *Application for Disability*

*Retirement* via MBOS.

Supporting documents should be submitted to:

**New Jersey Division of Pensions & Benefits  
Disability Review Unit  
P.O. Box 295  
Trenton, NJ 08625-0295**

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.

## ADDITIONAL PROVISIONS OF DISABILITY RETIREMENT

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.

If you have been terminated for cause, or have a settlement agreement which sets forth the terms of your departure in lieu of the termination for cause, you and your employer **MUST** provide that information to the NJDPB at the time you are filing for Disability Retirement. It must be shown that you have separated from employment as a result of the disabling condition. The NJDPB reviews disability applications to determine if they are eligible for processing. If it is determined the reason for termination is not from the disability, you may be deemed ineligible to apply for a disability retirement.

Your employer has the right to apply for an Involuntary Disability Retirement on your behalf (see page 2).

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.

**Once the Board of Trustees approves a member for a Disability Retirement, the member's retirement application cannot be withdrawn, canceled, or amended to a later retirement date than the date specified in the approved retirement application.**

## Group Life Insurance

Most members of the retirement system are covered by group life insurance. If you retire on a disability retirement, the amount of your group life insurance will be equal to 3½ times your compensation until age 55, when it will be reduced to half of compensation.

**"Compensation"** — PFRS group life insurance benefits are calculated using the salary on which pension contributions were based in the last 12 months immediately preceding your retirement.

If a retiree was enrolled as a member of the PFRS on or after July 1, 1971, life insurance is payable only if the member retired with 10 or more years of pension membership credit or retired on a disability retirement.

## 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 the *Conversion of Group Life Insurance* Fact Sheet for more information.

## Health Benefits

The *Health Benefits Coverage - Enrolling as a Retiree* Fact Sheet provides information about continuing your State Health Benefits Program (SHBP) coverage in retirement.

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

## Employment After Retirement

Because the PFRS Board of Trustees has determined that you are disabled, the Board of Trustees must approve any return to duty. If you are approved and return to active service in a position covered by the PFRS, you are restored to active membership in the retirement system. Deductions for pension are resumed and you are treated as an active member in all respects. Upon subsequent retirement, you will receive a benefit based on total service.

Additional restrictions may apply if you return to employment after retirement. Please refer to the *Employment After Retirement Restrictions* Fact Sheet for more information.

## Cost-of-Living Adjustments

Under N.J.S.A. 43:3B-2, Cost-of-Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law *does not* reduce any COLA increases that were already added to retiree benefits. See the *Cost-of-Living Adjustments* Fact Sheet for more information.

## **PAYMENT OF PENSION TO A SURVIVING FAMILY MEMBER**

Upon the death of a retired PFRS member, the spouse, civil union partner, eligible domestic partner, and/or child(ren) of the member may be entitled to a monthly pension. The terms used in the explanations of benefits that follow are explained here:

“**Spouse**” means a person to whom you are legally married. A photocopy of the Marriage Certificate is required for verification.

“**Civil Union Partner**” means a person of the same sex with whom you have entered into a civil union. A photocopy of the *New Jersey Civil Union Certificate*, or a valid certification from another jurisdiction that recognizes same-sex civil unions, is required for verification (see the *Civil Unions and Domestic Partnerships* Fact Sheet for details).

“**Domestic Partner**” is a same-sex domestic partner, as defined under N.J.S.A. 26:8A-1 et seq., the Domestic Partnership Act, of any State employee, retiree, or an eligible employee or retiree of a local public entity if the local governing body adopts a resolution to provide benefits under P.L. 2003, c. 246. A photocopy of the *New Jersey Certificate of Domestic Partnership* dated prior to February 19, 2007, or a valid certification from another jurisdiction that recognizes same-sex domestic partners, is required for verification (see the *Civil Unions and Domestic Partnerships* Fact Sheet for details).

“**Child**” means your unmarried child:

- under the age of 18; or
- 18 years of age or older and enrolled in high school; or
- any age, who at the time of your death, is disabled because of mental or physical incapacity and is incapable of substantial gainful employment because of the impairment. This incapacity must last, or be expected to last, for a continuous period of not less than 12 months as determined by the PFRS Medical Review Board.

## Retired Member Death Benefit

Upon your death as a retired PFRS member, your surviving spouse, civil union partner, or eligible same-sex domestic partner is eligible to receive a pension benefit equal to 50 percent of your Final Compensation,

plus 15 percent of your Final Compensation for one child or 25 percent of your Final Compensation for two or more children.

If there is no surviving spouse, civil union partner, or eligible domestic partner, the following benefit is payable to the minor children:

- 50 percent of Final Compensation to three or more eligible children;
- 35 percent of Final Compensation to two eligible children; or
- 20 percent of Final Compensation to one eligible child.

See page 1 for a definition of Final Compensation.

## **FOR MORE INFORMATION**

### Fact Sheets and Forms

The fact sheets, forms, and other publications mentioned are available on the NJDPB website at: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)

### Member Benefits Online System

Active employees and retirees can access information about their benefits using MBOS. You can log on or register for MBOS at: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)

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