

# 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 public employees who are members of the Public Employees Retirement System (PERS) and 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 Chapter 3, P.L. 2010, PERS or TPAF members enrolled *after* May 21, 2010, (membership **Tier 4**) may only be eligible for disability insurance coverage.

## ASSIST IN FILING OF APPLICATION

Registered members may 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.state.nj.us/treasury/pensions/mbosregister.shtml](http://www.state.nj.us/treasury/pensions/mbosregister.shtml) (select "Online Member Services - MBOS"). This is an easy, secure, and accurate way to apply for retirement.

Employees can also obtain a disability application:

- by printing it 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 disability application contains 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** and return it immediately to the Division of Pensions and Benefits either through MBOS or by mail. If the date requested by the employee is prior to the date of receipt at the Division, the retirement date automatically will be the first day of the month following receipt of the application. For example: The employee requests a May 1 retirement date, but Division receives the application 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 for Release of Medical Records**. 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

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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 with the *Application for Disability Retirement*.

3. The employee must also give the **Medical Examination** form to the physician who has been treating the employee for the disability.
4. The employee should give you the **Employer Certification for Disability Retirement** to complete and return to the Division.

You (the employer) should complete the *Employer Certification for Disability Retirement* and submit it as soon as possible to the Division via the Employer Pensions and Benefits Information Connection (EPIC). For an Accidental Disability, submit all accident reports, including daily duty logs and investigative reports related to the accident. If the employee is facing civil, criminal or departmental charges, a statement of those charges and their disposition should be forwarded to the Division as well.

#### 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 examination 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 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.

#### FILING GUIDELINES

Since the processing of the disability application can take up to six months, 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

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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 in retirement when the Division begins processing the *Application for Disability Retirement*. The employee is asked to complete and return a *Retired Status Application* with payment for the first three months of coverage. If a determination of the disability has not been made by the end of those three months, the employee will be billed for another quarter of coverage.
- If a disability retirement is approved, an employee who is entitled to employer-paid or retirement system-paid health insurance will receive a refund of the premiums they paid to the program for coverage after the effective date of retirement.

#### INVOLUNTARY DISABILITY RETIREMENT

As the employer, you have the right to file a disability retirement application on behalf of an employee who is either unable or unwilling to file the application. Such an application must be accompanied by a resolution from the governing body or appointing authority of the employing agency.

After the Division of Pensions and Benefits receives an application for an involuntary retire-

ment, 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 will be paid a retirement allowance based on the maximum allowance unless he or she submits an application selecting an option. If the employee is found to be not 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.state.nj.us/treasury/pensions/epbam/index.htm](http://www.state.nj.us/treasury/pensions/epbam/index.htm) with more information about disability retirements, including the fact sheets, forms, and applications that are mentioned in this publication.

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