



Long-Term Disability for PERS/TPAF Tiers 4 and 5 and ABP/DCRP Members

Information for:
Public Employees' Retirement System (PERS)
Teachers' Pension and Annuity Fund (TPAF)
Alternate Benefit Program (ABP)
Defined Contribution Retirement Program (DCRP)

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

As an alternative benefit, Tier 4 and 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.

Long-term disability insurance administered by Prudential is also available to members of the Alternate Benefit Program (ABP) and the Defined Contribution Retirement Program (DCRP).

ELIGIBILITY

Most Tier 4 and 5 members of PERS and TPAF hired on or after May 21, 2010, and members of the DCRP and ABP become eligible for long-term disability insurance coverage after one year of continuous employment in a PERS-, TPAF-, ABP-, or DCRP-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 New Jersey Division of

Pensions & Benefits (NJDPB) 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, TPAF, ABP, or DCRP 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, TPAF, ABP, or DCRP 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.

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, TPAF, ABP, or DCRP, the disability benefits terminate.

GROUP LIFE INSURANCE

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

*PERS or TPAF members enrolled in Tier 1, 2, or 3 should refer to the Disability Retirement Benefits (PERS & TPAF) Fact Sheet.

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

Full details about the actively employed and reduced retirement amounts of group life insurance for PERS and TPAF members are available in the *Public Employees' Retirement System Member Guidebook* and *Teachers' Pension and Annuity Fund Member Guidebook*. Details for ABP and DCRP members can be found in the *Alternate Benefit Program (ABP)* or *Defined Contribution Retirement Program (DCRP)* Fact Sheets, available on our website: www.nj.gov/treasury/pensions

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, TPAF, or ABP. **Note:** DCRP retirees are not eligible for health benefit coverage in retirement and therefore not eligible for health benefits if receiving long-term disability insurance coverage.

- 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 NJDPB Health Benefits Bureau will send the employee an offering letter which includes information regarding enrolling in coverage online through Benefitsolver, which can be accessed through the member's myNewJersey account or via myjbenefitshub.nj.gov

- PERS State and Local Government members and TPAF members eligible for LTD whose employers participate in the SHBP or SEHBP are required to pay the full cost of the coverage for the level in which they are enrolled. Local employers may choose to reimburse LTD-approved members through a separate agreement.
- 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.

APPLYING FOR LONG-TERM DISABILITY BENEFITS

The process of applying for a long-term disability benefit begins with PERS and TPAF members with completing the *Eligibility Determination Application for PERS/TPAF Tier 4 and Tier 5 Long-Term Disability*, and ABP and DCRP members completing the *Eligibility Determination Application for ABP and DCRP*

Long-Term Disability and returning the completed form to the NJDPB. The forms are available on the NJDPB website: www.nj.gov/treasury/pensions

If the NJDPB determines that you are eligible to apply, you will be sent a *Long-Term Disability Insurance Application* to complete. The application includes sections for the employee, the treating physician, and the employer to complete.

- 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 NJDPB 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 NJDPB will also be 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 (**note:** registration with Prudential is required for first-time users).

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This fact sheet is a summary and not intended to provide all information.
Although every attempt at accuracy is made, it cannot be guaranteed.

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