
If You Are No Longer Able to Work



A Guide for Making
Disability Retirement Decisions

INTRODUCTION

If you're forced to stop working because of a serious illness or injury, you and your family will be faced with difficult questions. NYSTRS staff will help you make informed decisions about your benefits and will guide you through the retirement process. Call the System at 800-348-7298, ext. 6010 if you are in this situation.

A disability retirement benefit is generally one-third of your final average salary. However, the benefit may be more or less depending on your age and service credit. For an estimate of your disability retirement benefit, please refer to your most-recent *Benefit Profile* or contact the System.

APPLYING FOR DISABILITY

All disability retirement applications and medical documentation are reviewed by the NYSTRS Medical Board, which determines whether applicants are eligible for disability retirement. The Retirement Board may require you to be examined by a physician chosen by the Board.

To apply for a disability retirement, you may use the online disability retirement application in your secure MyNYSTRS account under the My Retirement tab. The online option does not have to be notarized and is the fastest way to submit your application.

Alternatively, you may complete the *Application for Disability Retirement* (RET-54.1) and *Medical Information Summary* (RET-54.1B) from the *Disability Retirement Application Package*, available on the *Retirement-Related Forms* page at nystrs.org. You may also request these forms from your employer or by calling NYSTRS' Disability Retirement unit at 800-348-7298, ext. 6010.

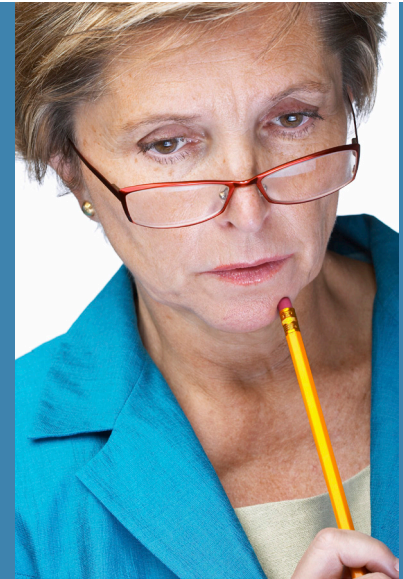
The paper forms must be notarized. Forms mailed to NYSTRS will be considered filed on the day they are mailed if they are mailed by registered or certified mail via the U.S. Postal Service, or by an equivalent delivery service that provides mail tracking and is approved for use by the System. Please see the Contact Us/Get in Touch page at nystrs.org for a list of delivery services currently approved by the System. Forms sent by regular mail are considered filed on the date of delivery to NYSTRS.

You may file your application with NYSTRS as late as your effective date of retirement. *Do not delay.* **You can file the application before collecting the necessary medical documentation.**

You can remain on payroll while the disability application is pending. Your retirement date can be the day after your last paid day of work.

If you die before your effective date of retirement, payment will still be made if all of the following apply:

- ◆ You selected the Declining Reserve Option (4%) (Tier 1) or the Largest Non-Declining Lump Sum Option (Tier 2–6 members) on the application you filed with NYSTRS.
- ◆ You otherwise qualified for a disability retirement.
- ◆ The Retirement Board determines the illness specified on your application was directly related to the cause of your death.



Eligibility Requirements

To be eligible to receive a NYSTRS disability retirement benefit, you must meet all of the following requirements:

Tiers 1 and 2

- Have at least 10 years of New York State service credit. (If you are Tier 2, you must have at least five of the 10 years since last becoming a member.)
- Be totally and permanently incapacitated from further teaching.
- Stop teaching because of the disability.

Tiers 3–6

- Have at least 10 years of New York State service credit. (Note: The 10-year requirement is waived if the disability resulted from an on-the-job accident.)
- Be totally and permanently incapacitated from all further gainful employment.
- Have filed a disability application with NYSTRS within 12 months of the last date you were on the payroll. If you are placed on a leave of absence without pay for medical reasons, you may file a disability application no later than 12 months after the date your medical leave ended.

IF YOU ARE CRITICALLY ILL

THE QUESTION:

If you are critically ill, have a life expectancy of less than one year and meet the disability retirement eligibility requirements, should you stay on the payroll and be covered by an in-service death benefit, or retire and select an option providing a payment to your beneficiary?

THE ANSWER:

With few exceptions, if you have 10 or more years of service, you should file for disability retirement immediately regardless of your age. In most cases, the lump-sum payment a beneficiary would receive in the event of your death would be significantly more than the in-service death benefit paid out had you not retired.

Under Tier 1, the appropriate option to select is the Declining Reserve Option (4%). Under Tiers 2–6, in most cases you should select the Largest Non-Declining Lump Sum Option. **Contact NYSTRS so we may provide you with estimates before you make your final decision.**

THE DIFFERENCE: STAYING ON PAYROLL VS. RETIRING

Depending on your tier, the disparities between an in-service death benefit (obtainable by staying on payroll) and an option payment (available by retiring) can be substantial.

Staying on Payroll

A member age 60 with 24 years of service and a salary of \$80,000 dies in service. The death benefit is.....\$240,000

Required member contributions plus interest are also returned in the amount of.....\$60,000

Total payment to a beneficiary is.....\$300,000

*Consider this
Tier 4 example*

VS.

Retiring

The member retires, selects the Largest Non-Declining Lump Sum Option and dies in retirement. The payment is.....\$360,000

A Paragraph 2 death benefit (*defined on next page*) is also paid. If death occurred in the first year of retirement, the payment is.....\$120,000

Total payment to a beneficiary is.....\$480,000

*By retiring instead of continuing to work, the payment to this member's beneficiary is increased by **\$180,000**.*

Note: In lieu of either benefit, you may receive an accelerated death benefit that would pay you an amount equal to the death benefit payable if you died on the last day of reportable service. To be eligible, you must qualify for a disability retirement benefit (although the service requirement would be waived) and have either a) a terminal illness resulting in a life expectancy of no more than 12 months, or b) a medical condition requiring extraordinary care or treatment.

Before making any decisions, we strongly urge you to discuss your situation with a System representative by calling 800-348-7298, ext. 6010.



FILING FOR DISABILITY PROTECTION

If you are facing a potentially life-threatening illness or surgery, consider filing a disability retirement application for protection only. Doing so provides an important safety net for you and your beneficiaries.

To file for protection, you may use the online disability retirement application in your secure MyNYSTRS account under the My Retirement tab. The online option does not have to be notarized and is the fastest way to submit your application.

Alternatively, you may complete the *Application for Disability Retirement (RET-54.1)* and *Medical Information Summary (RET-54.1B)* from the *Disability Retirement Application Package*, available on the *Retirement-Related Forms* page at nystrs.org. If you use these paper forms, you should:

- ◆ Indicate on the application or in a cover letter that you are filing for protection only.
- ◆ Indicate the medical condition necessitating the retirement.
- ◆ Select either the Declining Reserve Option (Tier 1 only) or Largest Lump Sum Option (Tiers 2–6).

The paper forms, which require notarization, must be received by NYSTRS prior to death. Forms mailed to NYSTRS will be considered filed on the day they are mailed if they are mailed by registered or certified mail via the U.S. Postal Service, or by an equivalent delivery service that provides mail tracking and is approved for use by the System. Please see the [Contact Us > Get in Touch](#) page at nystrs.org for a list of delivery services currently approved by the System. Forms sent by regular mail are considered filed on the date of delivery to NYSTRS.

If your condition improves and the protection is no longer needed, you can withdraw the application and return to active service. Or, if you decide to retire for disability, you'll have 30 days to change your option following approval by NYSTRS' Medical Board or your ceased teaching date, whichever is later.

WORKING WHILE ON DISABILITY

TIERS 3–6

You must be totally and permanently disabled from all employment to qualify for, and continue to receive, a disability retirement benefit. Employment of any type may jeopardize your disability pension.

TIERS 1 AND 2

It is possible for Tier 1 and 2 members to receive a disability retirement from their teaching job and then work in a different job that is not affected by their disability. However, the amount of earnings allowed during a calendar year is limited to the difference between your final average salary (or the salary you would now be receiving had you continued in service, whichever is greater) and your retirement benefit.

If you earn more than the limit, your disability benefit will be reduced to reflect the excess earnings. While the calculation of your earnings limit considers income from all forms of employment, it does not include returns on investments (stocks, bonds, etc.) or other disability benefits you are receiving.

ALL DISABILITY RETIREES

You must report your gross employment earnings (or confirm you are not gainfully employed) to NYSTRS annually using either the Disability Earnings After Retirement feature in MyNYSTRS or a paper *Disability Retiree Statement of Earnings (DIS-153)* form, which will be mailed to you each February.

If you are considering returning to paid employment, we urge you to contact the System first to determine eligibility for continued benefits.

Please be aware that a disability retiree may be required at any time to undergo a medical examination by a physician designated by the System. If the NYSTRS Medical Board determines that you are no longer disabled, your disability benefit will be discontinued and you will be restored to active membership.

PARAGRAPH 2 DEATH BENEFIT

If you are a Tier 2–6 member who retires within a year of leaving payroll and are not otherwise employed in the interim, the Paragraph 2 In-Service Death Benefit provides the continuation of the death benefit in retirement as follows:

1st year: 50% of the death benefit in effect at retirement.

2nd year: 25% of the death benefit in effect at retirement.

3rd year and beyond: 10% of the death benefit in effect at retirement, or at age 60 if higher.

IF YOU RECOVER AND RETURN TO ACTIVE SERVICE

Before you begin your disability retirement, you may want to discuss with your employer the possibility of remaining on an employer-approved leave of absence without pay so that if you recover you can return to active service.

Also, in some situations, you can be placed on a preferred eligible list of candidates for appointment if a vacancy occurs. You should contact your employer for more information.

If you return to work for an employer reporting to the System, your disability benefit may cease. Your membership will be restored to active status under your original tier of membership. You will then begin to accrue additional credit toward a future benefit.

OTHER CONSIDERATIONS

- ⇒ Update your beneficiary designation for your NYSTRS benefits and your private insurance policies.
- ⇒ Contact Social Security at 800-772-1213 or www.ssa.gov to discuss your eligibility for Social Security benefits.
- ⇒ Review your private disability and life insurance coverage.



THE BOTTOM LINE

In this brochure, we've presented quite a bit of important information to consider. The decision you make can have a long-term financial impact on you and your family. Make sure you understand all the possible consequences of the choice you make.

All disability retirees, regardless of tier, should also know that the rules about retirement earnings do not change when you reach a given age. You do NOT "age out" of a disability retirement. Your retirement status remains the same unless you are determined to be no longer disabled and you are restored to active membership.

Please call us at 800-348-7298, ext. 6010 before making a decision. While we can't make decisions for you, we can ensure you have all the information you need to make the choice that's right for you.

New York State Teachers' Retirement System

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