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 obtain the necessary application for disability retirement:

- Print the Disability Retirement Application Package (RET-54.1) from the Retirement-Related Forms page at NYSTRS.org;
- Call NYSTRS’ Disability Retirement unit at (800) 348-7298, Ext. 6010; or,
- Request one from your employer.

You may file your notarized 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; and,
- 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 further teaching.
- Stop teaching because of the disability.

**Tier 3 members with at least five years of credit who leave teaching because of a disability and who are eligible for primary Social Security disability benefits are eligible for a NYSTRS disability benefit under Tier 3 (Article 14). The service requirement is waived if the disability resulted from an on-the-job accident.**
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

**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.

**Consider this Tier 4 example**

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.
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 at retirement.
3rd & Ensuing Years: 10% of the death benefit at age 60 or at retirement if earlier.

WORKING WHILE ON DISABILITY

TIERS 1 AND 2

Although Tier 1 and 2 members must be totally and permanently incapacitated from further teaching service, they may work in other employment while on disability; however, there is a limit on earnings.

♦ The amount you may earn during a calendar year is limited to the difference between your final average salary (or, if greater, the salary you would be receiving had you continued in service) and the amount of your retirement benefit. This calculation considers only employment; other income is excluded.

♦ If you exceed the earnings limit, your disability benefit will be reduced to reflect the excess earnings.

♦ Once each year the System will request a report of your gross earnings from all employment.

♦ If NYSTRS’ Medical Board determines you are no longer disabled, your disability benefit will be discontinued and you will be restored to active status under your original tier of membership.

TIERS 3–6

♦ You must be totally and permanently disabled from all employment to qualify for, and continue to receive, a NYSTRS benefit.

♦ Once each year the System will request a report of your gross earnings from all employment. Employment may jeopardize your disability retirement.

FILING FOR DISABILITY PROTECTION

If you have been diagnosed with a life-threatening medical condition, or are having surgery or treatment for a medical condition, consider filing a disability retirement application. Doing so provides an important safety net for you and your beneficiaries.

To file for protection, complete the Application for Disability Retirement (RET-54.1) and Medical Information Summary form (RET-54.1B) from the Disability Retirement Application Package, available on the Retirement-Related Forms page of our website. On these 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;

♦ Leave the requested date of retirement blank; and,

♦ Select either the Declining Reserve Option (Tier 1 only) or Largest Non-Declining Lump Sum Option (Tiers 2–6).

The forms, which require notarization, must be received by NYSTRS prior to death. If sent by registered or certified mail, the postmark date is the received date. Otherwise, it is considered received 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.

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 at retirement.  
3rd & Ensuing Years: 10% of the death benefit at age 60 or at retirement if earlier.
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.

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.