

Let's Talk about
**PSERS Disability
Retirement Benefits**

With PSERS, You're On Your Way!

Applying for a PSERS Disability Retirement: Application Checklist

1. Obtain a staff-prepared disability retirement estimate

You can request an estimate by calling PSERS at 1.888.773.7748. You may also complete the *Request for Retirement Estimate* (PSRS-151) form on the PSERS website at psers.pa.gov. When you complete the estimate request, be sure to check the “Disability” option under “Type of Estimate Request” to request a disability retirement estimate.

2. Schedule a PSERS Disability Retirement Counseling Session

Once you have received your regular and/or disability retirement estimate, you must contact PSERS to schedule an appointment for an individual disability counseling session. Both in-person and virtual sessions are available. Bring any questions you may have about disability retirement to discuss with your PSERS retirement representative.

3. Complete and return your Disability Retirement Packet

Application for Disability Retirement (PSRS-49) - You will complete this application during or after your PSERS counseling session. You will need information including:

Direct Deposit - PSERS will pay your monthly benefit to you via direct deposit into your checking or savings account. Have your routing number and account number available. You will also need the name, address, and phone number of your financial institution.

Federal Income Tax Withholding - Federal income tax can be withheld from your PSERS disability pension payment. You may select an option other than the default tax rate by completing the *PSERS W-4P Federal Tax Withholding Certificate for Annuity Payments* (PSRS-996).

Beneficiary, if applicable - Depending on the retirement option you select, you may nominate beneficiaries. Please have their name, date of birth, and address if you choose to nominate a beneficiary.

Survivor Annuitant, if applicable - Depending on the retirement option you select, you may elect a survivor annuitant. You must provide proof of your survivor annuitant’s date of birth. PSERS will accept the following documents for validating a member or survivor annuitant’s date of birth:

- | | | |
|--|---|---|
| • Birth certificate | • School record | • Current driver’s license or non-driver photo ID issued by any of the 50 states or U.S. territories or possessions |
| • Baptismal record | • Life insurance policy | • Military ID (DD Form 2) or its equivalent |
| • Selective Service record | • Naturalization record | |
| • Armed Forces discharge (DD Form 214) | • Alien registration record | |
| • Passport (need not be current) | • PennDOT-issued photo ID (need not be current) | |

Job Description (PSRS-1237) – You provide this form to your employer for completion. You must then take the completed form to your physician so that they can complete the *Physician’s Medical Report* (PSRS-1236).

Physician’s Medical Report(s) (PSRS-1236) - You provide this form to your physician(s) for completion. For all psychiatric conditions, you must have a *Psychiatric Disability Determination* (PSRS-1350) completed by the appropriate physician(s) or psychiatrist(s). Your physician or psychiatrist must provide an evaluation of your medical history as it affects your ability to perform your assigned job duties. This information should reflect your physical and/or mental condition as of your last day of paid service as well as your current condition.

Authorization for Release of Medical Information from PSERS (PSRS-1351) - You can expedite the review process by submitting this release that will allow the PSERS medical examiners to contact your physician(s) directly should they have any questions with the application of supporting medical information (e.g., office visit notes) provided with your application. You must also separately authorize your physician to discuss your physical and/or mental condition with PSERS medical examiners.

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What is a Disability Retirement Benefit?

Unlike an insurance policy, a disability retirement benefit provides a supplement to a regular (normal or early) retirement for members who are unable to perform their current duties in public school employment due to medical reasons. This type of retirement is only available if you have a PSERS defined benefit (DB) retirement account.

If you are a Class DC member, you are not eligible to receive a PSERS disability retirement benefit.

Disability retirement benefits must be approved by PSERS based on sufficient medical documentation and your job description.

A disability retirement benefit is not designed to replace 100% of your salary and will vary based on your membership class, but, in most scenarios, a disability retirement benefit will be more than an early retirement benefit because there is no early retirement reduction. If approved, you will receive a monthly retirement payment for as long as you are deemed and remain disabled and comply with the necessary requirements set forth in the Retirement Code.

You may receive a disability retirement benefit from PSERS while also receiving disability insurance benefits, like workers' compensation, Social Security, or payments from an independent insurance company. Receiving such disability insurance benefits will not impact your PSERS disability retirement benefit; however, the disability insurance benefits may be subject to an offset or be reimbursable if paid to you while receiving a disability retirement benefit. It is your responsibility to contact any such provider for further information.

Am I Eligible?

To be eligible for a disability retirement benefit, you must:

- Have a DB retirement benefit (Class T-C, Class T-D, Class T-E, Class T-F, Class T-G, or Class T-H)
- Have at least five years of credited service.
- Be physically or mentally unable to perform the duties stated in your job description.
- Have become disabled while an active member of PSERS. Should you become disabled after you terminate service with your employer, you are not eligible for a PSERS disability retirement benefit.
- Be disabled at the time you submit your application to PSERS.
- Apply for disability retirement benefits within two school years of your last day of service or paid, contributing leave of absence, whichever is later.

For example, if you leave service in March of the current school year, you have two full school years (July 1 through June 30) from the close of the current school year to apply. If you do not apply within the two school years, you will not be eligible to apply for a disability retirement benefit.

You are not eligible for disability retirement if you are an active, contributing PSERS member. You must either terminate your employment OR be placed on a non-contributing leave of absence by your employer.

Special considerations for Class T-G and Class T-H Members

Although a termination is not required to be eligible for a disability retirement from PSERS, a termination is required to receive a distribution from your PSERS DC Plan.

If you have questions regarding the effect a termination may have on any non-PSERS benefits you may be receiving or eligible to receive, please contact your employer.

Your *Application for Disability Retirement* (PSRS-49) will not be reviewed until the effective date of your termination or non-contributing leave. You may submit your *Application for Disability Retirement* no more than 30 days before the effective date of your termination or non-contributing leave of absence.

A disability retirement benefit is not available to members who previously retired and are receiving a regular PSERS retirement benefit, or who are Class DC members.

How much will I receive with a disability retirement benefit?

The disability retirement benefit is based on a variety of factors, including years of service and salary. If you have not yet reached normal retirement eligibility, your disability retirement benefit will be approximately 33.33% to 40% of your final average salary, depending on your membership class.

You should obtain a disability retirement estimate before applying. You can find the *Request for Retirement Estimate* (PSRS-151) form on the PSERS website at psers.pa.gov. You may also request an estimate by calling PSERS at 1.888.773.7748 during normal business hours. A PSERS staff-prepared estimate will provide further details of your expected disability retirement benefit amount.

When you complete the estimate request, be sure to check the “Disability” option under “Type of Estimate Request” to request a disability retirement estimate. Return the completed form to PSERS via the fax number or mailing address provided on the form. PSERS will prepare and send you both disability and regular retirement estimates, if eligible.

How do I apply?

Once you have received your regular and/or disability retirement estimate, you must contact PSERS to schedule an appointment for an individual disability counseling session.

You can avoid some of the common mistakes that may lead to a delay in processing your benefit by attending a disability retirement counseling session conducted by a PSERS retirement representative. The retirement representative will ensure that you are provided with information needed to make an informed decision about your retirement.

At the session, the retirement representative will:

- Review both your regular and disability retirement estimates with you.
- Describe the advantages and disadvantages of regular versus disability retirement.
- Explain the application process and assist you in completing the *Application for Disability Retirement* packet.
- Discuss post-retirement employment and income limitations, and the annual renewal process while on a disability retirement.

To apply for a disability retirement benefit, you must submit the following completed forms to PSERS no earlier than 30 days before you begin a non-contributing leave or terminate your employment:

- ☑ *Application for Disability Retirement* - You will complete this application during or after your PSERS counseling session.
- ☑ *Job Description* (PSRS-1237) – You provide this form to your employer for completion. You must then take the completed form to your physician so that they can complete the *Physician's Medical Report* (PSRS-1236)
- ☑ *Physician's Medical Report(s)* - You provide this form to your physician(s) for completion. For all psychiatric conditions, you must also have a *Psychiatric Disability Determination* (PSRS-1350) completed by the appropriate physician(s) or psychiatrist(s).
Your physician must provide an evaluation of your medical history as it affects your ability to perform your assigned job duties. This information should reflect your physical and/or mental condition as of your last day of paid service as well as your current condition.
- ☑ *Authorization for Release of Medical Information from PSERS* (PSRS-1351) - You can expedite the review process by submitting this release that will allow the PSERS medical examiners to contact your physician(s) directly should they have any questions with the application of supporting medical information (e.g., office visit notes) provided with your application. You must also separately authorize your physician to discuss your physical and/or mental condition with PSERS medical examiners.

It is your responsibility to ensure that all forms are completed and submitted to PSERS timely. The most common reason for a denied or delayed disability application is insufficient medical documentation.

If we do not receive a non-contributing leave or termination status within 30 days of the date of your application, or if the effective date of that status is more than 30 days **after** the date your application was received, your *Application for Disability Retirement* will be returned to you. **You will need to reapply** once you are within 30 days of the start of your non-contributing leave or termination date.

Please note that the effective date of your non-contributing leave status or termination must not be more than 30 days after the date of your application.

Who is responsible for charges incurred to provide the medical information?

You are responsible for costs to obtain the medical information needed to determine your disability status, including any additional testing or review requested by PSERS medical examiners.

Who determines my eligibility for the disability retirement benefit?

PSERS determines eligibility for your disability retirement benefit based on the medical information you submit and the recommendation of the PSERS medical examiners.

How is my date of disability retirement determined?

The benefit effective date of a disability retirement benefit is the day after your last day of paid service or paid leave, whichever is later. You **cannot** select your own disability retirement effective date.

If my request for a disability benefit is denied:

If I'm denied, what are my other benefit options?

If you are denied a disability retirement benefit, you may be eligible to vest your account, apply for a regular retirement, or refund your contributions and interest. Different membership classes have different benefit eligibility requirements.

Contact a PSERS retirement representative regarding the choices available to you.

What if my request for a disability retirement benefit is denied by PSERS and I disagree?

If you disagree with the decision reached by PSERS, you may appeal the decision to the PSERS Executive Staff Review Committee (ESRC). The appeal must be received by PSERS within the time frame stated in the letter notifying you of PSERS' decision. Appeals must be made in writing and sent to:

PSERS Executive Staff Review Committee
5 N 5th Street
Harrisburg PA 17101-1905

If your appeal is denied by the ESRC, you may appeal to the Public School Employees' Retirement Board and request an administrative hearing before an independent hearing examiner.

The reasons for denial and instructions on how to proceed with the appeals process are included in the letter from the ESRC.

How long am I entitled to my disability retirement benefit?

Based upon the findings of the PSERS medical examiners, PSERS will notify you of the length of time for which your disability retirement benefit is approved. You may be subject to a periodic renewal process based on your medical condition. During the renewal process, you will be required to submit updated medical documentation as proof of a continuing disability.

How will I know when it's time to renew the benefit?

If you have not been approved for a long-term disability retirement benefit, PSERS will notify you when you need to submit a *Physician's Medical Report for Renewal of Disability Benefits* (PSRS-1238).

If you have a Member Self-Service (MSS) account and have Paperless Delivery, you will receive an email when your paperwork to renew your disability retirement benefit is available in your MSS account. You can manage your Paperless settings anytime through your MSS account.

The renewal application must be completed by your physician and received by PSERS by the renewal date stated on the application. It is your responsibility to ensure that all forms are completed with updated medical information and submitted timely. If you fail to return the application by the due date, your monthly disability retirement benefit will be suspended and subsequently terminated for continued failure to respond. If your renewal is denied, you may appeal the decision to the ESRC.

If you are denied and you are vested, you will be automatically converted to a regular retirement benefit. Contact a PSERS retirement representative for additional information.

May I work while receiving a disability retirement benefit?

As a disability retiree, you are still a PSERS retiree, who is generally not permitted to work for any public school in Pennsylvania while receiving a PSERS pension. A disability retiree may work for a non-PSERS reporting unit, but any employment raises the question of continued medical eligibility.

Employment in any capacity may be reviewed to verify that you continue to meet medical eligibility requirements for disability benefits.

Is my disability retirement benefit affected by other earnings that I may have?

Yes, income you receive may affect your disability retirement benefit if you are under normal retirement age.

Your permitted annual earnings limit is your last school year's salary minus your gross disability retirement benefit. If your earned income from the prior year exceeds your annual earnings limit, you must return the overpaid disability supplement to PSERS. You may make a lump-sum payment to PSERS within 30 days or PSERS will withhold the disability supplement portion of the disability retirement benefit each month until the overpayment is recouped.

Example - Your last school year salary was \$40,000. Your annual PSERS disability retirement benefit is \$25,000. Your annual earnings limit is \$15,000. If your earned income for the year is \$20,000, you will be required to return the difference of \$5,000 to PSERS.

At the beginning of each year, PSERS sends an *Annual Earnings Statement for Disability Benefits* to retirees who are receiving a disability retirement benefit and who have not reached normal retirement age. **If you have Paperless Delivery, you will receive an email when your *Annual Earnings Statement* is available in your MSS account.** The purpose of the *Annual Earnings Statement* is for you to report your earned income to determine if you are exceeding your annual earnings limit and to provide information on the type of work you are performing.

When completing the *Annual Earnings Statement*, you should not report wages earned before the effective date of your disability retirement. You should only report earned income while receiving a disability retirement benefit. Earned income is compensation received by you for work as an employee of any business or through self-employment.

The following are not considered earned income and should not be reported:

- Interest and dividends
- Rental & other types of passive income
- Retirement income
- Social Security
- Unemployment benefits
- Alimony
- Child support
- Death benefits
- Prizes and awards
- Gifts and inheritances

Complete and return the *Annual Earnings Statement* no later than the date specified on the accompanying notice. To ensure you properly complete the form, please read the additional instructions provided with the statement.

If PSERS does not receive your *Annual Earnings Statement* by the due date, your monthly disability retirement benefit will be suspended and subsequently terminated for failure to respond.

PSERS may obtain information from other government agencies, departments, or entities to verify your annual earned income.

What health insurance plans are available to me?

As a disability retiree, you are eligible to enroll in PSERS Health Options Program (HOP). PSERS HOP offers comprehensive medical coverage to all PSERS retirees, spouses of retirees, survivor annuitants, and dependents of retirees and survivor annuitants before and after Medicare eligibility. HOP medical coverage for a disability retiree is available regardless of Medicare eligibility.

Descriptive material and enrollment information is available upon request by contacting the HOP Administration Unit at 1.800.773.7725 or on the HOP website at hopbenefits.com.

You may also be eligible to remain in your employer's group health insurance plan. Consult with your employer regarding continuance of their health insurance coverage.

Further, you may obtain non-school health insurance, including individual or spousal coverage. Such insurance, however, does not qualify for Premium Assistance.

What is Premium Assistance and how does it apply to retirees receiving a disability retirement benefit?

Premium Assistance is a tax-free reimbursement of out-of-pocket expenses for the cost of a retiree's basic health insurance. Disability retirees will be reimbursed up to \$100 per month, provided they have an out-of-pocket expense for basic health insurance coverage from one of the following:

- PSERS Health Options Program
- A school employer's (PSERS reporting unit) group health insurance plan providing hospital, medical, and major medical coverage

The amount of Premium Assistance you receive cannot exceed the actual premium you pay for basic coverage.

Contact the Internal Revenue Service (IRS) if you require further details regarding tax implications.

Is my disability retirement benefit taxable?

Your PSERS disability retirement benefit is subject to federal taxes but not subject to Pennsylvania state or local taxes.

PSERS, however, does not use Code 3 on the *Form 1099-R* because the federal government defines disabled as unable to engage in any type of employment. For pension purposes, PSERS defines disabled as unable to perform the duties for which you were hired; therefore, PSERS cannot certify total disability according to IRS rules.

If you reside in, or you move to, another state, check with that state regarding taxes that may be due on your disability retirement benefit. For additional information on taxes, please contact a tax advisor or the IRS.

What disability retirement benefit options are available to me?

Maximum Single Life Annuity (MSLA) - You will receive the maximum monthly benefit for as long as your disability benefit continues to be approved. If you die, any remaining balance in the present value* of your retirement benefit will be paid to your beneficiary(ies). Under this option, you may name more than one beneficiary and you can change your beneficiary(ies) at any time. If you do not name a beneficiary, PSERS will use the beneficiary information already on file. If you have no named beneficiaries on file with PSERS, any remaining benefit will be paid to your estate.

**Present value is the total value of a member's retirement account used to fund monthly benefit payments over the member's lifetime, or the amount paid to a beneficiary when a vested member dies in service. This is determined by multiplying the maximum single life annuity by the dollar annuity factor at the time of retirement.*

Option 2 - You will receive a reduced monthly benefit based on your age and the age of your survivor annuitant at the time of disability retirement. At the time of your death, your survivor will receive a lifetime monthly benefit equal to the benefit you would have received under a **normal or early** retirement benefit. Under this option, you may name only one survivor annuitant.

Option 3 - You will receive a reduced monthly benefit based on your age and the age of your survivor annuitant at the time of disability retirement. At the time of your death, your survivor will receive a lifetime monthly benefit equal to one-half of the benefit you would have received under a **normal or early** retirement benefit. Under this option, you may name only one survivor annuitant.

Customized (Special) Option 4 – You will receive a monthly payment for life based on a plan of your own actuarially equivalent design other than those listed above. This plan must be approved by PSERS. As with both Options 2 and 3, the disability supplement (if applicable) is removed for the survivor annuitant.

You cannot change your survivor annuitant or retirement option unless you retired under Options 2, 3, or the Customized (Special) Option 4 (survivor annuitant plan) and your original survivor annuitant predeceases you or your marital status changes. If either situation occurs, contact PSERS to discuss your next steps.

When you receive a PSERS disability retirement benefit, no matter what option you select, you **cannot** withdraw any portion of your contributions and interest.

Special Rules for Class T-E, Class T-F, Class T-G, and Class T-H Members

If you are a Class T-E, Class T-F, Class T-G, or Class T-H member who has *not vested*, you can only select the MSLA option.

Before applying for a disability retirement, research options offered by your employer.

Each employer is different and may have options other than retirement available to you. Some of these options include, but are not limited to, school-sponsored disability insurance, special sick leave, emergency leave, sabbatical, Family and Medical Leave Act (FMLA), and the use of your accrued sick and vacation leave. It will be helpful for you to know the options available to you through your employer before applying for a retirement with PSERS. Keep in mind that any leave you take through your employer can affect your continued accrual of service credit and when your disability retirement will begin.

Contacting PSERS



Website
psers.pa.gov

Register for PSERS' Member Self-Service (MSS) Portal to access your retirement account online, anytime!



Call or Fax
Mon-Fri; 8AM-5PM

Toll-Free: 1.888.773.7748
Local Calls: 717.787.8540
Fax: 717.772.3860



Send us a Secure Message through your MSS Account!

Don't have an MSS Account? Complete the Contact Form on our website.



Harrisburg Headquarters

PSERS
5 N 5th Street
Harrisburg PA 17101-1905

Comparison of Retirement Benefits

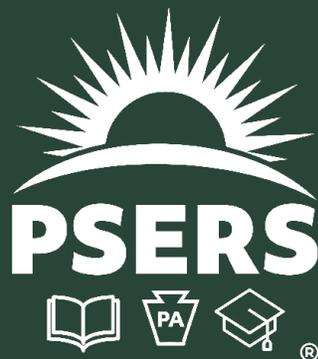
Terms of Retirement	Normal/Early Retirement Classes T-C/T-D/T-E/T-F/T-G/T-H	Disability Retirement
Requires termination of employment to apply	Yes	No*
Must meet medical eligibility	No	Yes
May withdraw contributions and interest at retirement	Yes	No
May be discontinued by PSERS at any time based on medical status	No	Yes
May be subject to renewal	No	Yes
May be required to complete annual earnings statement	No	Yes
May be subject to earned income limitation	No	Yes
School employment in another state may jeopardize PSERS benefit	No	Yes
May work in Pennsylvania public schools under exceptions allowing retirees to be employed for emergency, shortage of personnel, or extracurricular situations	Yes	Yes**
Is eligible for cost-of-living adjustments without regard to superannuation qualifications	No	Yes
Is eligible for premium assistance <u>without</u> regard to service credit and/or age	No	Yes

*Class T-G and Class T-H members must be terminated to receive a distribution from their DC account. The disability benefit is only offered through the DB Plan.

**Please note, employment in any capacity may be reviewed to confirm your continued medical eligibility for disability benefits.

The Public School Employees' Retirement System (PSERS) provides this document for educational and informational purposes. Information in this document is general in nature, does not cover all factual circumstances, and is not a complete statement of the law or administrative rules. The statements in this document are not binding. In any conflict between the statements in this document and applicable law or administrative rules, the law and administrative rules will prevail.

This document is designed solely to provide an overview of benefits available to PSERS members and is not intended to be a substitute for retirement counseling. If you are considering a disability retirement, you are encouraged to contact PSERS to meet with a PSERS Retirement Representative. The representative will guide you through the process to ensure timely filing of your application.



PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM

**5 N 5th Street
Harrisburg PA 17101-1905**