



**DISABILITY  
RETIREMENT  
GUIDE**

[www.nvpers.org](http://www.nvpers.org)

*This document has been prepared for members of the Public Employees' Retirement System of Nevada to provide general information.*

*It is based on retirement law effective from the 74<sup>th</sup> session of the Nevada Legislature, 2007. This is not a legal document, nor is it intended to serve as a basis for legal interpretation. Official legal reference may be found in the Nevada Revised Statutes.*



## **INTRODUCTION**

This document has been prepared for you as a member of the Public Employees' Retirement System (PERS) to provide information concerning a Disability Retirement. This brochure will help explain what is required to qualify for a disability retirement, how to apply for this benefit, and the Retirement Board approval process. At the end of this booklet is a checklist to help you plan for this unexpected retirement.

## **COUNSELING**

Staff is available for counseling weekdays at the PERS offices in Carson City and Las Vegas, to discuss any aspect of a disability retirement.

## **ELIGIBILITY**

You are eligible to apply for a disability retirement benefit if:

- you have five or more years of service; and
- you become totally unable to perform your current job or a comparable job due to an injury or mental or physical illness of a permanent nature; and
- you are employed by a Nevada public employer at the time you submit your application for disability retirement with PERS.

## **APPLICATION PROCESS**

If you meet the eligibility requirements for disability retirement, you should contact the PERS office directly. PERS will provide you with an estimate of your disability benefit, a disability retirement application, a four-part disability supplemental packet and a records release form.

### ***1. Disability Retirement Application***

The three-page disability retirement application must be completed first and received by PERS prior to the termination of your employment or death, whichever is first. If you are physically or mentally incapable of completing and submitting the application, your spouse, registered domestic partner, legal guardian or agency liaison officer or deputy liaison officer may complete the application on your behalf with the PERS Executive Officer's approval.

### ***2. Four-Part Supplemental Packet***

#### **Part I – Employee's Report**

The Employee Report is completed by you and it includes questions regarding the job duties you can and cannot complete due to your disability.

## **Part II – Public Employer’s Report**

Sign the information waiver at the top of the form and give to your Human Resources department or Liaison Officer to complete.

## **Part III – Supervisor’s Report**

Sign the information waiver at the top of the form and give to your immediate supervisor to complete.

## **Part IV – Physician’s Report**

Sign the information waiver at the top of the form and give to your treating physician to complete. If you have more than one physician participating in your care, a photocopy of the form may be distributed to all your physicians for completion. Photocopies of your most recent medical records, documenting your medical condition and any work restrictions, must be submitted as well. Original x-rays should not be submitted.

## **Records Release Authorization**

The records release, to be completed by you, gives us information regarding benefits you may be receiving from any other source due to the same disability. It also allows us to obtain information from the companies and doctors you have listed.

## **45-Day Time Frame**

After you have submitted your disability retirement application to the PERS office, you will have 45 days to submit all remaining parts of the above described supplemental packet. If the forms are not submitted within this time frame, PERS will notify you that your disability retirement application and supplemental packet will be returned and your request for disability retirement will be canceled. You may reapply at any time as long as you have not terminated from your employment and all parts of the disability paperwork are submitted in their entirety. You may request an extension of the 45-day requirement for approval by the PERS Executive Officer, if good cause is shown.

## ***Proof of Birth and Name Change Documentation (Disability applicant and beneficiary)***

PERS requires documentation showing your birth date, your beneficiary’s birth date, if applicable, and any name changes for either of you. Name changes must be documented from you and your beneficiary’s names at birth to your current name. A variety of documents may be submitted to meet this requirement.

**One of the following may be used to establish proof of birth:**

- Birth certificate
- Infant baptism certificate
- Delayed certificate of birth

**Any two of the following may be used to establish proof of birth:**

- School age record
- Military service records
- Marriage certificate if birth date is shown
- Naturalization certificate if your age is shown
- Transcript of record from U.S. Bureau of Census
- Family record in family Bible
- Passport
- Notarized statement of knowledge of birth date
- Motor vehicle records
- Social Security records
- Voter registration records
- Any document over 10 years old if birth date is shown

**The following may be used to document name changes for you and or your beneficiary:**

- Marriage certificates
- Adoption papers
- Divorce papers if your prior name is shown
- Driver's license records if your prior name is shown
- Your child's birth certificate if the mother's maiden name is shown

## **BOARD REVIEW**

PERS staff and our medical advisor review the completed application and packet, and a recommendation of approval or denial is made. Your request is then presented to the PERS Board in a closed meeting for a final determination.

The PERS Board meets on a monthly basis. Completed applications received by the 15<sup>th</sup> of the month will be reviewed for the Board meeting the following month. If the documentation is insufficient, additional information may be requested from you before a recommendation is made.

### ***Approval of Your Application***

Once your application for disability retirement is approved, you will be notified in writing of the Board's decision. You must terminate employment and begin drawing a benefit within 60 days of the approval date or remain on sick leave for the entire period. Otherwise, you will be required to reapply to the Board for approval.

### ***Application Disapproved***

If the Board denies your application for disability benefits, the following options are available:

- Apply to the Board within 45 days for a one-time reconsideration. New medical information which was not available or the existence of which was not known at the time of the original application must be submitted prior to the hearing for reconsideration. Or,
- Elect a service retirement benefit. An early retirement reduction will be applied to your benefit if you are not fully eligible to retire based on both service credit and age. Or,
- Terminate from employment and apply for a refund of your employee contributions, if any. A refund of contributions will cancel your membership and all rights to receive a monthly benefit from the system.

## **DETERMINING THE AMOUNT OF YOUR BENEFIT**

There are three basic factors involved in the calculation of your retirement benefit. These are service credit, average compensation, and the selection of a retirement option.

### ***Service Credit***

The Retirement System keeps an ongoing record of your service based on information supplied by your public employer. Service is credited for years, months and days actually worked based on employment records and contributions.

School district employees, except 12-month employees and professional staff of the University system, are credited with service credit for a full year if they work full-time for a full school or academic year. Employment for part of a school or academic year is credited at a rate

of one and one-third days for each day worked. A full year of service cannot be credited until the full 12-month period has expired.

Part-time school district employees receive credit at a rate of one and one-third day for each day worked, and the additional service credit cannot be credited until the full 12-month period has expired.

### ***Average Compensation***

Your average compensation is based on the 36 highest consecutive months of compensation as reported by your employer. If you have been under the Employer Pay Contribution Plan (EPC), your reported compensation will be increased by the appropriate factors to ensure that it is no less than had you continued under the Employee/Employer Pay Plan.

Please note that in calculating an estimate, the 36-month period used to determine your average compensation will usually be the period ending with the last payroll reports received from your public employer and will not project your current salary through your anticipated retirement date.

### ***Retirement Options***

PERS allows you to choose one of seven plans upon retirement. If the plan you select provides continuing benefits for a beneficiary, you may select any beneficiary you wish. However, if married, your spouse must consent to the plan selection and beneficiary designation. This is necessary because Nevada is a community property state, and the courts have determined that a retirement benefit is a substantial community asset.

**Option 1 - The Unmodified Retirement Allowance:** This option provides the maximum benefit allowance to you for your lifetime. Upon your death, however, the unmodified plan provides no monthly allowance for a beneficiary. If you are a Police/Fire member contributing under the Employer Pay Contribution Plan (EPC), you may name your spouse or registered domestic partner as beneficiary under Option 1. Your spouse or registered domestic partner will be eligible for up to 50 percent of your allowance based on your service credit in the Police and Firefighters' Retirement Fund. Your spouse or registered domestic partner must be at least age 50 before collecting under this plan. Since it is an irreversible decision to select the unmodified option, give it careful consideration.

**Option 2:** An actuarially reduced allowance for your lifetime as a retired member. After your death, the same allowance continues for the lifetime of your beneficiary.

**Option 3:** An actuarially reduced allowance for your lifetime as a retired member. After your death, 50 percent of the allowance continues for the lifetime of your beneficiary.

**Option 4:** An actuarially reduced allowance for your lifetime as a retired member. After your death, and beginning when your beneficiary reaches age 60, the same allowance continues for the lifetime of your beneficiary.

**Option 5:** An actuarially reduced allowance for your lifetime as a retired member. After your death, and beginning when your beneficiary reaches age 60, 50 percent of the allowance continues for the lifetime of your beneficiary.

**Option 6:** An actuarially reduced allowance for your lifetime. After your death, a specific sum per month, as selected by you, will continue for the lifetime of your beneficiary. This amount may not exceed the monthly allowance paid to you as the retired member.

**Option 7:** An actuarially reduced allowance for your lifetime. After your death, and beginning when your beneficiary reaches age 60, a specific sum per month, as selected by you, will continue for the lifetime of your beneficiary. This amount may not exceed the monthly allowance paid to you as the retired member.

Since Options 6 and 7 are based on an amount, which you specify, we do not normally provide an estimate for these options. If you wish to provide a set amount for your beneficiary under either of these options, contact PERS and indicate the amount. We will be happy to provide an estimate for these two options.

The following example shows retiree benefits and beneficiary benefits available under the optional plans.

<b>Benefit Calculation Formula Optional Plans</b>		
<p>This example assumes that you have 15 years of service and an average compensation of \$1,500 per month. For the purpose of determining the actuarial reduction for Options 2 through 5, we will assume you are age 60 with a 55-year-old beneficiary.</p>		
<p>Service Credit = 15 years x 2.5%* = 37.5%            Average Compensation = \$1,500.00            Unmodified Allowance = \$562.50</p>		
	Retiree Benefit	Beneficiary Benefit
Option 1	\$562.50	\$ 00.00
Option 2	\$470.81	\$470.81
Option 3	\$512.44	\$256.22
Option 4	\$474.75	\$474.75
Option 5	\$514.69	\$257.34
Option 6	Upon Request	
Option 7	Upon Request	
<p>*Members enrolled prior to 1-1-2010 receive 2.67% for each year after 7-1-2001. Members enrolled on or after 1-1-2010 receive 2.5% for all service credit.</p>		
<p>Note: Federal regulation prohibits paying a benefit to someone other than a spouse or registered domestic partner who is more than 10 years younger than the member under Options 2 and 4.</p>		

## **PAYMENT OF RETIREMENT BENEFITS**

### ***Effective Date of Retirement***

A disability retirement benefit becomes effective on the day immediately following the applicant's last day of employment, or the day immediately following the last day of earning creditable service, whichever is later, or the day after death, if the death intervenes between the filing of the application and retirement.

### ***Method of Payment***

PERS offers and suggests direct deposit of your monthly benefit to your financial institution. Through this service, your allowance will be available to you four working days before the end of each month. Forms to initiate this type of payment are available in your disability packet, upon request and on our website.

We can also mail your benefit check to your home four working days before the end of the month. We automatically mail your check to your home address unless you authorize us to set up a direct deposit.

### ***Deductions***

You may elect to have deductions made from your retirement allowance for continuation of the group health and life insurance, retired employee association dues and federal income tax.

If you plan to continue with medical insurance into retirement, you will be required to contact the administrator of that plan to complete the necessary forms and arrange for payroll deduction from your PERS check. Your plan administrator will notify us when they are ready for deductions to begin. If you later stop that insurance, be sure to let the insurance company know to stop your payroll deduction from your PERS check.

PERS is required to withhold federal income tax from your retirement allowance unless you instruct us in writing not to withhold monies for this purpose. If you elect to have federal income tax withheld, the System can calculate the tax based on marital status and the number of exemptions. We do not have the expertise on staff to advise you on tax matters. We suggest you seek the advice of a tax consultant if you have questions.

### ***Change of Address***

It is important that we know where you are whether your benefit is mailed to your home or electronically deposited to your bank account. End of year earnings statements and other important documents will be mailed to the home address we have on file. If you are writing to notify us of a change of address, please be sure to indicate whether or not your direct deposit should be canceled. To help us better serve you, please include the last four digits of your Social Security number on all correspondence with PERS.

## **WHAT TO EXPECT AFTER RETIREMENT**

### ***Disability Employment and Earnings Statement***

PERS will mail you a Disability Employment and Earnings Statement that must be completed and returned each year. This is to ensure that you have received Board approval prior to returning to any type of employment, either public or private. For further information about returning to work while receiving a disability retirement, refer to the section titled "Reemployment after Retirement" in this publication.

### ***Medical Examinations***

The PERS Board may require medical examinations, at our expense, until you attain the equivalent of service retirement eligibility. The requirement for an annual physical examination may be waived upon prior certification from the Board's medical advisor that you will remain permanently and totally unable to perform your prior job or a comparable job.

Your monthly disability benefit will be suspended if you have been notified to submit a medical examination report and fail to do so by the re-certification date established by the Board.

### ***Post-Retirement Increases***

As a general rule, once you have been retired for three full years, you are entitled to a post-retirement increase of 2 % in each of the fourth, fifth and sixth years; 3% in the seventh, eighth and ninth years; 3.5% in the tenth, eleventh and twelfth years; 4% in the thirteenth and fourteenth years; and 5% each year thereafter. The maximum percentage available to members newly enrolled in PERS on or after January 1, 2010, is 4%.

Post retirement increases are due in the month following the month in which you retired. For example, if your retirement effective date is January 1, your post-retirement increase will be effective February 1, and paid with your February benefit at the end of February.

Occasionally, post-retirement increases are lower than the percentages listed above. This is because they are capped by the Consumer Price Index (All Items) average for the three preceding years, if it has been determined that your benefit has increased more than the rate of inflation from the start of your benefit through the date of your current increase.

### ***Conversion to Service Retirement***

You are considered a disabled retired employee even after reaching age 60 or the equivalent of service retirement eligibility. However, a disabled retired employee may elect to change from a disability retirement to a service retirement after a written request is received in the PERS office. If you change to a service retirement, the employment questionnaire will no longer be required, and you will be subject to the laws pertaining to service retirement.

## **REEMPLOYMENT AFTER RETIREMENT**

You must apply for and receive Board approval prior to returning to any type of employment, either public or private, or your disability benefit will be suspended or canceled. Upon request, PERS will provide a Disability Reemployment Questionnaire that you may use to apply for Board approval of your reemployment. In order for the Board to approve your reemployment request, the reemployment must not be comparable to the position in which you were found to be disabled. Once your reemployment has been approved, there is no limit on the amount you can earn.

The Board will not approve employment of a disability retiree in a position, which would normally be eligible for membership in PERS.

If you return to employment with a participating public employer in a position that is entitled to membership in PERS:

- Your disability retirement allowance is canceled.
- You become a contributing member of the System again.
- All previous service credit is restored.
- Employee contributions, less 15% of the total of the disability benefits paid, shall be returned to your membership account.

If your allowance is canceled, you may apply for a refund of unused contributions, defer the monthly benefit until eligible for service retirement, or elect service retirement. If you elect service retirement, the effective date of retirement will be the first of the month following the date the request is received in the PERS office. Your benefit will be subject to the early retirement reduction if you are not of eligible age for service retirement.

## **FREQUENTLY ASKED QUESTIONS**

***Q - What type of benefit will my beneficiary receive should I die prior to retirement?***

A - If you have applied for a disability retirement and die before the application is approved by the Board, and the Board later approves your application, your beneficiary is entitled to receive an allowance under the option selected rather than the benefits otherwise provided to a survivor. Also, if your application has already been approved, but you die before termination of employment, your designated beneficiary is entitled to receive an allowance under the option selected on your disability application.

***Q - If my application for disability retirement is approved, what will be the effective date of my retirement?***

A - Disability retirement becomes effective on the day immediately following your last day of employment, or the day immediately following your last day of service, whichever is later, or the day of your death if death intervenes between the filing of your application and retirement.

***Q - If my application for disability retirement is approved, will I be penalized for retiring prior to the minimum retirement age?***

A - No. Disability retirement allowances are computed in the same manner as service retirement but the early retirement reduction is waived.

***Q - Is there a possibility of my allowance being reduced because I receive benefits from another source?***

A -Yes. Your disability allowance may be reduced by the amount of any other benefit received from any source due to the same disability, if that benefit was paid for by a Nevada public employer and to the extent that the total of the unmodified benefit and the other source benefit would otherwise exceed your average compensation. Workers compensation typically falls into this category.

***Q - Am I still considered being under a disability retirement after reaching age 60 or the equivalent of service retirement eligibility?***

A -Yes. However, you may elect to change from a disability to a service retirement.

***Q - Once my disability application is approved by the Board, when can I expect to receive my first check?***

A - We cannot begin to pay your benefits until you have terminated with your public employer. Once we receive certification of your termination date from your employer, we will review your account to determine when your service credit will expire. We can then determine what your benefit effective date will be. If your benefit effective date is the 15<sup>th</sup> of the previous month or earlier, we will issue a special payment within 7 to 10 business days after the receipt of your termination date. If your effective date is on or after the 16<sup>th</sup> of the previous month, your first check will be issued on the fourth working day prior to the end of the current month.

**Disability Retirement Checklist**

- 1. Date you submitted your application to the PERS office\_\_\_\_\_
  
- 2. Date you submitted the followings parts of the supplemental packet:
  - Part I – Employee’s Report\_\_\_\_\_
  - Part II – Employer’s Report\_\_\_\_\_
  - Part III – Supervisor’s Report\_\_\_\_\_
  - Part IV – Physician’s Report\_\_\_\_\_
  - Medical Records\_\_\_\_\_
  - Release Authorization\_\_\_\_\_
  - Proof of Birth Documents\_\_\_\_\_
  - Name Change Documents\_\_\_\_\_
  - Federal Income Tax Form\_\_\_\_\_
  - Direct Deposit Authorization\_\_\_\_\_
  
- 3. PERS Acknowledgment of application  
Date Received\_\_\_\_\_
  
- 4. Application being presented to Board  
Board Meeting Date\_\_\_\_\_
  
- 5. Estimate of my PERS retirement allowance  
\$\_\_\_\_\_
  
- 6. My Will was drawn and is located in a safe place  
\_\_\_\_\_

7. My designated beneficiary knows who to contact  
in the event of my death\_\_\_\_\_
  
8. Board approved/disapproved my application  
Date\_\_\_\_\_
  
9. Administrator of my health plan has been contacted  
\_\_\_\_\_