

December 21, 2010

Disability Insurance & Tier 4 Pension Benefits

Public school employees hired in the Teachers Pension and Annuity Fund (TPAF) or the Public Employees Retirement System (PERS) on or after May 21, 2010 will no longer have the potential to receive a disability pension. In place of disability pensions, there will be state-provided disability insurance.

This new state disability insurance program does not provide complete protection against loss of income. It is essential that affected employees understand that there will be gaps that make consideration of the NJEA-sponsored disability insurance program as important as it always has been. For example:

- a. Part-time employees have no protection through the state.
- b. There is no state coverage for the first 12 months of employment.
- c. Once the coverage does apply, a disabled employee must be out of work for a full six months before state benefits would begin.
- d. The maximum state benefit is limited to 60% of base pay.
- e. The state benefit is taxable income, so the net replacement income will be considerably less than 60% of base pay.

You are encouraged to find out more about the NJEA/Prudential disability insurance solution that was designed by NJEA specifically to be a cost-effective solution to income protection. Some uniquely positive points about the NJEA-sponsored solution are:

- a. NJEA staff can assist members in matters associated with the coverage.
- b. Approximately 45,000 NJEA members are covered by the NJEA-sponsored program.
- c. The NJEA-sponsored program has several plan choices to customize coverage to the needs of the individual.
- d. Benefits in the NJEA-sponsored program can fill the gaps listed above.

For information you may call Educators Insurance Services at 800-727-3414 (prompt #3) or visit one of the following websites for information:

<https://www.njea.org/members/member-benefits-public/member-benefits/if-disability>

<http://www.educators-insurance.com/page.aspx?z=34&a=65>

To speak with NJEA staff about disability insurance:

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