

# Lump-Sum Disability Benefit



**This brochure summarizes the lump-sum disability benefit. For those members who meet the Total Service Credit requirements of an ordinary disability retirement, it also compares the lump-sum benefit with ordinary disability retirement benefits to help members determine which option may better meet their needs. Please consult the *Ordinary Disability Retirement* brochure for more information on ordinary disability retirement.**

## **ELIGIBILITY**

In general, to be eligible for a lump-sum disability benefit, you must meet the following conditions:

- You are in active service with, or are on an official leave of absence from, the New York City Department of Education (DOE), the City University of New York (CUNY), or a participating New York City Charter School; AND
- You have been diagnosed with a terminal illness and have a life expectancy of one year or less; OR
- You have been diagnosed with a medical condition of a long, continued, and indefinite duration requiring extraordinary care and treatment, regardless of life expectancy.

## **APPLYING FOR THE LUMP-SUM DISABILITY BENEFIT**

**If you meet the 10-year Total Service Credit requirement for ordinary disability retirement**, you must file an ordinary disability retirement application for your tier, along with a “Lump-Sum Disability Benefit Request Form” (code DI19), with TRS. TRS’ Medical Board will then review your case for both ordinary disability retirement and the lump-sum disability benefit. Please note that, if you file an ordinary disability retirement application without filing the “Lump-Sum Disability Benefit Request Form,” your case would be reviewed only for ordinary disability retirement.

**If you do not meet the Total Service Credit requirement for ordinary disability retirement**, you must file the “Lump-Sum Disability Benefit Application” (code DI17) with TRS.

**In addition, the following rules apply if you are filing as a Tier IV or VI member:**

- You must file your application(s) within three months of your last date on payroll.
- If you were on an unpaid leave of absence for medical reasons, you must file your application no later than 12 months after receiving notice of termination.

In most cases, review of your application would take approximately four weeks. TRS will then notify you by mail of the date and time of your examination by the doctors on TRS’ Medical Board. The Medical Board will determine whether you are eligible for ordinary disability retirement and/or the lump-sum disability benefit. You will be notified of the Medical Board’s decision by mail.

*NOTE: If you are a Tier IV or VI member, upon receipt of your retirement application, TRS will review your service record and notify you by mail if you have any membership service deficits and/or optional service credit eligible for purchase. If you have a membership service deficit, a lump-sum payment will be required before your application for a disability benefit is approved. If you want to purchase optional service credit, payment must be received prior to*

*finalizing your retirement in order to be credited with the service.*

**APPROVAL OF YOUR APPLICATION**

**If you meet the Total Service Credit requirement for ordinary disability retirement and you are approved for the lump-sum disability benefit,** you may elect the benefit by filing the “Lump-Sum Disability Benefit Election Form” (code DI18) with TRS. You must file this form within 30 days of the date TRS notified you of the Medical Board’s approval of your lump-sum disability benefit; otherwise, your ordinary disability retirement application would be processed.

**Please note that the filing of the “Lump-Sum Disability Benefit Election Form” is irrevocable.** Therefore, you should refer to the chart below, which compares the lump-sum disability benefit with ordinary disability retirement, before you make your decision.

**If you do not meet the Total Service Credit requirement for ordinary disability retirement,** and your application for the lump-sum disability benefit is approved, you would have 30 days after the date of your approval to change certain information on your “Lump-Sum Disability Benefit Application.”

Please note that if you apply for a lump-sum disability benefit, your benefit payment should be processed within 6-10 weeks following the date of your approval by TRS’ Medical Board.

**EFFECTIVE DATE OF LUMP-SUM DISABILITY BENEFIT**

If you are filing as a Tier I or II member, the effective date of your lump-sum disability benefit would be the date of the Medical Board’s approval; or you may select a date that is within 30 days after the date of the Medical Board’s approval. Keep in mind that you cannot be on payroll as of the date you select.

If you are filing as a Tier IV or VI member, the effective date of your lump-sum disability benefit would generally be the date you filed your application with TRS, provided you were not on payroll on that date. (If you were on payroll when you filed your application, the effective date would be the day following your last day on payroll.)

If your application is approved, you will have the opportunity to choose a different effective date; that date must be within 30 days of the date the Medical Board approves your application.

	<b>ORDINARY DISABILITY RETIREMENT</b>	<b>LUMP-SUM DISABILITY BENEFIT</b>
<b>PAYMENT</b>	You would receive monthly payments for life or for as long as the Medical Board deems you to be disabled. (You may be subject to re-examination by the Medical Board until you reach age 65.)	You would receive one lump-sum payment.
<b>ROLLOVER</b>	You may not roll over your payments.	You may roll over your payment to an eligible IRA(s) or Section 401 Plan(s).
<b>BENEFICIARIES</b>	Benefits are payable to beneficiaries based on the payment option you elect. Most options provide a continuing allowance to a beneficiary. In addition, under all options, a beneficiary(ies) would receive a fractional payment for the month in which the member dies.	No benefits are payable to beneficiaries. If you die before you receive the lump-sum disability benefit, the benefit would be paid to your estate.

## **LUMP-SUM DISABILITY BENEFIT CALCULATION**

If you are granted the lump-sum disability benefit, you would receive a lump-sum payment equaling the amount payable (as a death benefit) had you died on the last day of active service. As a result, no retirement allowance would be payable to you, and no death benefit would be payable to your survivors. The following information describes how your lump-sum payment is calculated.

**If you are filing as a Tier I member**, the lump-sum disability benefit payable depends on your rate of contribution to the Qualified Pension Plan (QPP), years of Total Service Credit, earnable salary, and your eligibility for a service retirement.

- If you are not eligible for a service retirement, the lump-sum disability benefit would equal your Annuity Savings Fund (ASF) balance, Increased-Take-Home-Pay (ITHP) balance, and an amount based on your salary and years of Total Service Credit.
- If you are eligible for a service retirement, the lump-sum disability benefit would be the greater of either: a) the amount previously mentioned; or b) a benefit based on the retirement allowance that would have been payable under Option I Modified had you died the day after your presumed retirement date.

**If you are filing as a Tier II, IV, or VI member** who has at least one year of service, the benefit would equal the balance in your Annuity Savings Fund (ASF) or Member Contributions Accumulation Fund (MCAF), plus either Death Benefit #1 or Death Benefit #2. (Tier II and IV members who joined TRS before January 1, 2001 receive the greater of either Death Benefit #1 or Death Benefit #2. Members who joined TRS on or after January 1, 2001 receive Death Benefit #2.)

## **APPEAL PROCESS**

If you are denied the lump-sum disability benefit, you may submit additional documentation for the Medical Board to review.

However, if you meet the Total Service Credit requirement for ordinary disability retirement, and you are denied both ordinary disability retirement and the lump-sum disability benefit, you have additional options. You would have 30 days from the date that you received notification of your denial to request that a Special Medical Committee review the conclusions and recommendations of the Medical Board concerning the denial of your application for ordinary disability retirement (but not for the lump-sum disability benefit). You may also provide new evidence for your case and reapply for ordinary disability retirement at any time. (Further details are included in the *Ordinary Disability Retirement* brochure.)

## **RESTORATION**

If you are restored to active service, no death benefit would be payable to beneficiaries in the event of your subsequent death. (However, if you retire after your restoration, you may select a retirement option that provides a benefit after your death.) In addition, unless you render five years of credited service following the restoration, any retirement benefit you may be entitled to would be reduced by the actuarial value of the lump-sum disability benefit paid to you, less the actuarial value of any applicable post-retirement death benefit that would have been available.

For more information about ordinary disability retirement, please consult the *Ordinary Disability Retirement* brochure.

For your convenience, TRS forms and publications are available on our website.  
If you require additional assistance, please contact our Member Services Center at 1 (888) 8-NYC-TRS.

*This publication should not be solely relied upon, as it is based on currently available information that is subject to change. TRS suggests that you consult with an attorney and/or a tax advisor if you have any specific legal or tax questions concerning this information. In all cases, the specific provisions of the governing laws, rules, and regulations prevail.*



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