

This publication provides general information about disability retirement benefits offered through the New Hampshire Retirement System (NHRS) for Group I (Employee and Teacher) members and Group II (Police and Fire) members.

NHRS recognizes that there may be questions not addressed in this FAQ. Members with additional questions should contact the retirement system at info@nhrs.org or (603) 410-3500 or Toll Free (877) 600-0158.

Disability Retirement

1. What does it mean to be disabled?

A member may qualify as disabled with a mental or physical incapacity that is likely to be totally and permanently disabling.

2. Are there different types of disability retirement benefits?

Yes. There are two primary types, ordinary (non-duty) and accidental (duty). Ordinary Disability Retirement may apply when a member becomes disabled as a result of a non-work-related illness, injury, or condition that is likely to be permanent. Accidental Disability Retirement may apply when the illness, injury, or condition is related to employment and likely to be permanent.

In addition, there is a Group II (Police and Fire) Violent Accidental Disability limited to circumstances where a member has been totally and permanently incapacitated for duty as the result of a purposeful, hostile, and violent attack upon such member in the line of duty that results in the infliction of serious bodily injury. To be eligible for this benefit, the Group II member must first be determined to meet the criteria for Accidental Disability Retirement.

3. Who is eligible for disability benefits?

Ordinary Disability: A member with a minimum of 10 years of NHRS creditable service whose Ordinary Disability Retirement application is approved by the NHRS Board of Trustees or its Benefits Committee.

Accidental Disability: A member, regardless of their years of creditable service, who has sustained an accident, repeated trauma, gradual degeneration while on the job, or develops a job-related occupational disease while in the service of an NHRS employer, and whose Accidental Disability Retirement application is approved by the NHRS Board of Trustees or its Benefits Committee.

4. Are there circumstances where a finding of compensability under Workers' Compensation by the NH Department of Labor would be required before NHRS may process a benefit?

Generally, to qualify for Accidental Disability Retirement, incapacity must first be found compensable by the employer's insurance carrier or NH Department of Labor.

5. If disability benefits are granted, is the retiree required to have ongoing examinations by a physician chosen by the Board of Trustees?

The Board of Trustees may require the retiree to be examined periodically until attaining age 60.

Application Process

6. When should the disability retirement benefits application be filed?

When a physician determines that the member is no longer able to perform their full-time job duties, an application should be filed with NHRS, no less than 30 nor more than 90 days before the intended effective date of disability retirement, which is always the first of the month. It is highly recommended that the member schedule a personal appointment to apply with a Benefits Specialist by contacting NHRS at (603) 410-3500 or info@nhrs.org.

If the member is physically unable to visit the NHRS office, other arrangements may be made.

IMPORTANT: The application must be filed under one of the following conditions:

- While actively contributing to NHRS on Earnable Compensation paid to the member by an employer or on earnings from an employer-funded salary continuance plan.
- While on approved leave from NHRS-covered employment under the provisions of the federal Family Medical Leave Act (FMLA).
- While in receipt of regular workers' compensation payments and still employed by the same employer in an NHRS-covered position.
- With approval of the NHRS Board of Trustees, within one year of the date contributions to NHRS cease. (Provided that the applicant is not already in receipt of monthly pension benefits.)

7. What happens if the filing deadline is not met?

Failure to meet the filing conditions (discussed in the previous section) will result in a later effective date or disqualification for disability retirement benefits resulting in lost benefits that will never be recovered.

8. Who reviews the member's application?

An Independent Medical Examiner and the NHRS Hearings Examiner will review and make a recommendation to the Board of Trustees or its Benefits Committee.

9. How long will it take to process the application for disability retirement?

Once NHRS has received the application, the process typically takes six to nine months.

10. Is the member required to appear before the Board of Trustees when the disability retirement application is being considered?

The member is not required to appear before the Board of Trustees.

11. Is the member required to have an examination by an NHRS Independent Medical Examiner?

The member may be required to have an examination by an NHRS Independent Medical Examiner. The member does not have to pay for the medical evaluation/examination.

12. If the disability application is denied, may the decision be appealed to the Board of Trustees?

Yes. The Board of Trustees will consider additional medical information not previously submitted to support the request for reconsideration.

Disability Pension Payments

13. Are disability benefits payable for the member's lifetime?

If the disability continues, the member will be entitled to disability benefits for life.

14. Could the pension amount change?

Yes. If a member is in receipt of an Accidental Disability Retirement pension and workers' compensation, pension payments will be offset.

Health Insurance

15. Will health insurance coverage continue after disability retirement?

Political subdivision employers are required by law to offer retiring employees continued health insurance coverage at the group rate. However, depending upon the employer, the member may be required to pay all or part of the health insurance premium. Contact your former employer for specific details.

State employees should contact the Department of Administrative Services, Division of Personnel at (603) 271-1432, to determine eligibility for health insurance after retirement.

Re-employment After Retirement

16. Is a retiree permitted to work while collecting a benefit?

Contact NHRS to learn about Gainful Occupation limits on earnings.

If a retiree is employed by an NHRS-participating employer in a retirement eligible (i.e. full-time) position, disability benefits will stop.

Beneficiary Information and Optional Allowances

17. May a lifetime pension be provided to someone else after a retiree's death?

Yes. After a retiree's death, if a Survivorship Option was elected, a lifetime pension may be provided to another party. (A reduction must be taken by electing a Survivorship Option.)

18. May more than one beneficiary be named?

Yes. More than one beneficiary may be named (multiple beneficiaries) under the Maximum Retirement Allowance or Option 1.

Under Survivorship Option 2, 3, 4(A), 4(B) or 4(C), a spouse and/or any number of children may be named as beneficiaries; however, multiple beneficiaries under Option 2, 3, 4(A), 4(B) or 4(C) may not include anyone other than children and a spouse.

19. If multiple beneficiaries are named, what portion of the allowance will each beneficiary receive?

On the "Application for Disability Retirement," a distribution percentage for each beneficiary must be indicated. A distribution percentage represents the portion of the allowance which may be payable to each beneficiary. The total combined percentages must equal 100%.

20. May a retiree change a payment option selection after the effective retirement date?

Changes may be made, in writing, within 120 days after the date the NHRS Board of Trustees or its Benefits Committee approves a disability application or from the date of the original notice of retirement provided by the retirement system (not to include any future benefit adjustments that may be carried out), whichever is later. Any changes submitted after the 120-day grace period will not be accepted. If a former spouse, named as beneficiary, remarries, the Survivorship Option may be cancelled.

21. May a retiree change a beneficiary after the effective date of retirement?

Yes. If a member retires under the Maximum Retirement Allowance or Option 1 a beneficiary change may occur at any time. If a retiree selects Survivorship Option 2, 3, 4(A), 4(B) or 4(C), a beneficiary change may occur within 120 days after the NHRS Board of Trustees or its Benefits Committee approves a disability application or from the date of the original notice of retirement provided by the retirement system (not to include any future benefit adjustments that may be carried out), whichever is later. NHRS must be notified of the change in writing. An exception may be granted to the 120-day requirement in limited circumstances, including when a spouse dies and the retiree remarries. See:

<https://www.nhrs.org/members/benefits/post-retirement-death-benefits>

Taxation - Ordinary Disability

22. What are “Accumulated Contributions”?

The sum of the member’s pre-tax contributions, after-tax contributions, and interest credited.

23. Is the pension taxable?

In most cases, the retirement allowance will be taxable by the federal government. However, “if after-tax contributions were made, a portion of the pension will remain tax-free each year until recovery of the Investment in Contract.”

An Investment in Contract consists of any after-tax contributions paid to NHRS; that is, those contributions that have already been taxed for federal income tax purposes.

24. How is the tax-free portion of each monthly pension payment computed?

The Investment in Contract is divided by the total number of anticipated monthly pension payments based on age (and beneficiary’s age, if a Survivorship Option is elected) as of the date a pension begins. The tax-free portion of each monthly pension payment remains unchanged until the retiree has fully recovered the Investment in Contract, at which time the pension is fully taxable. See IRS Publication 575 for more information.

25. Can federal taxes be withheld from a pension?

Yes. A Form W-4P Federal Withholding Certificate must be completed at retirement. Any questions regarding taxation should be directed to a tax consultant or the IRS.

26. How can the tax withholding status be changed?

By filing a new W-4P Federal Withholding Certificate with NHRS.

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