



Disability Benefits

for members of the Public Employees' Retirement System (PERS) Plan I

If you are a member of PERS Plan 1 and you become disabled, you may be entitled to disability benefits. This publication describes disability retirement benefits and how to apply for them. PERS 1 members who formerly belonged to Statewide City Employees' Retirement System (SCERS) may be able to apply for benefits under SCERS provisions. The Department of Retirement Systems (DRS) recommends that you contact a PERS retirement services analyst if you plan to apply for disability retirement.

Which type of disability retirement do I qualify for?

There are two types of Plan 1 disability retirement: duty and non-duty.

DUTY DISABILITY

Eligibility

You may be eligible for duty disability retirement if you become unable to perform the duties of your job or any other position for which you are qualified by experience or training, and your disability results from:

- A job-related accident suffered while performing your job duties, or
- An occupational disease for which you are eligible to receive benefits under Title 51 RCW, workers' compensation benefits.

DRS will determine whether you are disabled based upon your condition at the time you separate from service with your employer. You must apply for a duty disability retirement within two years of the date the injury occurred; or in the case of occupational disease, within two years of separating from service.

Benefits

If you are retired under a duty disability, you will receive a monthly benefit of \$350 or two-thirds of

your monthly average final compensation, whichever is less. Average final compensation (AFC) is the monthly average of your 24 consecutive highest-paid service credit months.

The benefit is then offset by any workers' compensation or permanent pension you are eligible to receive for the same disability, whether paid by the Department of Labor and Industries (L&I) under a similar law, or by a self-insured employer.

Reporting other payments for the same disability

You must report all compensation you are eligible to receive for the same disability, whether paid by L&I under a similar law, or by a self-insured employer. You may be required to repay all of your PERS disability benefits to DRS if you become eligible to receive retroactive worker's compensation or a permanent pension.

Conversion to service retirement

When you reach age 60, your duty disability retirement is converted to a service retirement.

In calculating your benefit, the period during which you are eligible for disability retirement benefits is counted as service credit. For this



reason, it is important to apply for a duty disability retirement within the two-year time limit even if your entire disability benefit is offset by your worker's compensation entitlement.

When the conversion to a service retirement occurs, you must select one of the benefit options. In some cases, the service retirement benefit you are entitled to may be less than the disability retirement benefit. A retirement services analyst can give you an estimate of what your benefits will be at the time of conversion.

If you die before reaching age 60, your contributions and interest are refunded to your beneficiary.

NON-DUTY DISABILITY

Eligibility

You may be eligible for non-duty disability retirement if:

- You have had at least five years of covered employment,* and
- You leave covered employment as a result of the disability, and
- The disability is total and likely to permanently prevent you from performing the duties of your position or any other position for which you are qualified by experience or training.

DRS will determine whether you are disabled based upon your condition at the time you separate from service with your employer.

**The five years of covered employment requirement relates to all covered service, even if you have withdrawn contributions and as a result lost the service credit.*

Benefits

Disability retirement benefits are calculated using the following formula and are reduced by 2 percent for every year that you are under age 55:

$$2\% \times \text{service credit years} \times \text{AFC}$$

(then reduced if retiring before age 55)

For example, if you are age 50, your benefit will be reduced by 10 percent.

Am I eligible to purchase service credit for temporary disability leave?

You have the option to apply for up to 24 months of service credit while on leave for a disability. To qualify:

- Your disability must have occurred in the line of duty; and
- You must have received your injury on or after March 27, 1984, and be eligible to receive workers' compensation benefits; and
- You must make retirement contributions on the compensation you would have earned had you been working. DRS charges interest if the payments are made for a retroactive period.

For more information on how to apply for disability service credit, contact DRS.

How do I apply for disability retirement?

You must take the following steps to apply for disability retirement:

Step 1. Request an application packet and estimate of benefits by contacting us. Please be prepared to give us the following information:

- Name
- Address
- Phone number
- Social Security number
- Retirement system and plan
- Spouse's name and birth date (if married)
- The date you became disabled
- Whether or not the disability was incurred on the job.

Step 2. Read through all of your application packet materials. There are three separate parts to the application that must be completed by different individuals and then returned to DRS.

- **Part 1 of 3, Application for Disability Retirement**, complete, sign and have notarized. If you are married, your spouse’s signature must also be notarized;
- **Part 2 of 3, Employer’s Statement and Report**, complete the *Member Information Section*, then send the form to your employer. They will complete the remainder of the form, sign and mail it to DRS;
- **Part 3 of 3, Medical Report**, complete the *Member Information Section*, including the *Mandatory Field*, then send the form and a copy of your job description to your physician. Your physician will complete the remainder of the form, sign and mail it along with any supporting documentation to DRS.

DRS will not begin the application review process until all three parts have been received.

In most cases, the determination process takes four to six weeks. The process may take longer if DRS finds that your application requires supporting documentation. We will contact you if we need more information. Examples of supporting documentation include:

- All medical records, reports and charts pertaining to your disabling condition;
- Complete physician information, especially if you are being treated by more than one doctor;
- Copy of your Social Security Administration disability award letter and any additional medical information provided to the Social Security Administration;
- Clarification from your employer regarding your job specification information;
- L&I or self-insurer file documentation such as

Report of Accident (ROA), Independent Medical Examinations (IME), medical and vocational records.

You may submit the preceding information with your application to help expedite the determination process.

You may apply for disability retirement and receive a determination of eligibility prior to separating from employment. You must apply for duty disability retirement within two years of the date the injury occurred; or in the case of occupational disease, within two years of separating from service.

If you file an application for disability retirement with DRS, but die within 60 days of filing, your beneficiary may choose one of several options. Please call us to discuss these options.

What happens once I receive a determination from DRS?

If you receive a denial

You may petition for a review within 120 days of receiving your denial letter. If your petition is denied, you will be informed of appeal procedures. You will have 60 days to appeal the decision.

If you are approved

DRS will mail you an approval letter with additional information. You must separate from employment in order to begin receiving your benefit.

If you continue to work and have not separated within 90 days of the application approval date, DRS will rescind its approval. You must reapply and submit current medical evidence to be considered for a benefit.

Your retirement date is the first of the month following your date of separation. For example, if your application is approved on May 4, and you separate from service on May 15, your retirement date is June 1 and you will receive your first benefit on the last working day of June.

Can my benefit increase after I retire?

When you apply for retirement you can choose to receive the Optional Cost of Living Adjustment (COLA). This COLA reduces your benefit initially, but provides you with an automatic annual adjustment based on the consumer price index, which can be positive or negative. The annual adjustment cannot increase or decrease your benefit by more than three percent of your previous year’s benefit, and it can never reduce your benefit to less than your original amount.

Can I lose my benefit?

If you are receiving a monthly disability benefit, DRS may require you to undergo comprehensive medical examinations at the expense of DRS. You are responsible for ensuring that your doctor reports any and all changes in your disabling condition to DRS.

If medical examinations show that you have recovered from the disability for which DRS granted your disability retirement, you will no longer be eligible to receive a disability retirement benefit.

If you resume gainful employment, you will need to provide DRS with the name of your employer and your monthly salary. Your disability benefit may stop unless the total of the compensation from employment and your disability benefit is less than your compensation earnable at the time you became disabled. If this total is more, your benefit will be reduced so the total does not exceed the level of your pre-disability compensation earnable, adjusted for inflation.

What if there is an error?

If you receive an overpayment of your disability benefit or refund, DRS will require that the overpayment be repaid. If you receive an underpayment, DRS will correct the error and pay you in full.

Am I eligible for continuing medical coverage?

If your medical coverage is provided by the state Health Care Authority (HCA), please contact them for information concerning continuation of coverage. HCA can be reached at 800-200-1004, or in Olympia at 360-725-0440.

If you’re retiring as a public safety officer, you may be able to exclude up to \$3,000 of your qualified health, accident and long-term care insurance premiums from your gross taxable income each year, as long as the premiums are deducted from your retirement benefit.

Other possible disability benefits

You may also be eligible for disability-related benefits from the Department of Labor and Industries (L&I), Department of Social and Health Services, the Social Security Administration, your employer, and disability insurers. Please contact these organizations directly for more information.

The benefits you receive from L&I and other disability insurers may affect your benefit amount with DRS. Please consult with DRS if you are receiving any payments due to your disability. Also, consult with those organizations to see if benefits received from DRS will affect those benefits.

Taxation and assignment of benefits

Federal income taxes

Most disability benefits are taxed as ordinary income until minimum retirement age. However, duty disability benefits are not taxable until the conversion to service retirement at age 60. You may be able to receive tax credits for the elderly or disabled as explained in the Internal Revenue Service (IRS) Publication 524.

You must complete a W-4P form to indicate how you want income tax withheld from your retirement benefit. If you do not, DRS will follow IRS rules requiring withholding as if you were married and claiming three exemptions. This is regardless of the number of exemptions you qualify to claim on your income tax return.

Assignment and attachment of benefits

Your retirement benefit may be subject to assignment or attachment to satisfy court and administrative orders for spousal maintenance and child support, or orders authorized by federal law.

PERS is authorized to divide pensions between members and ex-spouses based upon court-ordered property division. If the divorce decree complies with the applicable law, PERS will send the property division payment directly to the ex-spouse. For more information, refer to the publication, *Can Legal Action Affect My Retirement Account?* available from DRS or on our website at www.drs.wa.gov.

Contacting DRS

For more information refer to your *PERS Plan 1 Member Handbook*, visit the DRS website, or contact DRS directly. DRS office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays.

Website: www.drs.wa.gov

Telephone: 1-800-547-6657, or
360-664-7000 in the Olympia area

TTY: 1-866-377-8895, or
360-586-5450 in the Olympia area
For PERS disability questions press 4,
then select option 2, followed by option 1

Email: recep@drs.wa.gov

Address: PO Box 48380
Olympia, WA 98504-8380

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Summary Description

The rules governing disability are contained in state retirement law. This publication is a summary, written in non-legal terms. It is not a complete description of the law. If there are any conflicts between what is written in this publication, and what is contained in the law, the applicable law will govern.