

Disability Provisions That Apply To All PERS Plans

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 retroactively.

For more information on how to apply for disability service credit, write to DRS. See DRS contact information on page 6.

Survivor Options

When you apply for a disability retirement, you must select a benefit option. You may choose an option which will continue paying benefits to a survivor. (These options do not apply to Plan 1 duty disability retirement until conversion to service retirement.)

If you are married, the law requires that you provide your spouse's consent to the benefit option you choose. This consent must be in writing and must be witnessed by a notary. If consent is not provided, the law requires that an Option 3 benefit be paid with your spouse as the beneficiary. The *Spousal Consent Authorization* is contained in the Disability Retirement Application.

If at retirement you chose one of the survivor options listed below (Options 2, 3, or 4), and your designated beneficiary dies before you, be sure to contact DRS. Your retirement benefit payment will be adjusted to the higher Option 1 payment level.

Option 1: Standard Option

This option pays you a benefit for your lifetime. If you die before the total benefits you receive equal your contributions plus interest at the date of retirement, the balance will be paid in a lump sum to your named beneficiary. No payment will be made if your benefits have equaled or exceeded your contributions plus interest at the time of retirement.

Option 2: Joint and 100 Percent Survivorship

Under this option, you receive a benefit that is actuarially reduced. If your designated beneficiary survives you, the benefit amount remains the same and your beneficiary continues to receive it for his or her lifetime.

Option 3: Joint and 50 Percent Survivorship

This option also provides an actuarially reduced benefit, but the reduction is smaller than in Option 2. If your designated beneficiary survives you, 50 percent of your benefit is paid to your beneficiary for his or her lifetime.

Option 4: Joint and 66.67 Percent Survivorship

Option 4 also provides a benefit that is actuarially reduced. The reduction is smaller than in Option 2, but larger than in Option 3. If your designated beneficiary survives you, 66.67 percent of your benefit is paid to your beneficiary for his or her lifetime.

Designating a Beneficiary

Be sure to keep the beneficiary designation in your PERS record up-to-date. Any beneficiary designation you make prior to retirement is canceled upon your marriage, divorce or remarriage. Once you retire you may change your benefit option and beneficiary only by returning to active membership, except in the following circumstances:

- If you choose one of the survivor options (Option 2, 3 or 4), and your designated beneficiary dies before you, your retirement benefit will be adjusted to the higher Option 1 payment level. If your beneficiary dies before you, be sure to notify DRS to initiate this change.
- If you choose someone other than a spouse to be the beneficiary of a survivor benefit, you can change to Option 1 at any time after retirement. This option change can be used only once and is irrevocable.
- If you retire under Option 1 then marry and remain married for at least one year, you may change your benefit option and name your spouse as beneficiary. To qualify for this opportunity, you must request the benefit option change between your first and second year of marriage. If you change to a survivor option, your benefit will be actuarially reduced. This option can be used only once and is irrevocable.

If you choose the Option 1 benefit payment, you may name a trust, your estate, an organization, or a person as your beneficiary.

If you choose a survivor benefit option (Option 2, 3, or 4) at retirement, you must select a person as your beneficiary. If you and your survivor both die before the total benefits received equal your contributions plus interest at the time of your retirement, the balance will be paid in a lump sum to the beneficiary on file with DRS.

To change your beneficiary, you must notify DRS. Forms for this purpose are available from DRS and your payroll department, and they can be printed from this site.

How to Apply for Disability Benefits

To be eligible for duty disability benefits under Plan 1, you must apply within two years of the date the injury occurred; or, in the case of an occupational disease, the claim must be filed within two years of when you separate from service with the employer. If you choose, you may file for disability retirement and receive a determination of eligibility from DRS prior to separation from employment.

Your beneficiary cannot apply for your disability retirement benefit after your death.

Application Procedure

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

1. Request an application by writing a letter to DRS. In your letter, include the following:

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

2. Once you have received your packet, make sure all three parts of the PERS application are completed and returned to DRS:

- **Part 1, the Disability Retirement Application**, which you must complete, sign and have notarized;
- **Part 2, the Employer Statement and Report**, with Section 1 completed by you and Sections 2, 3 and 4 completed and signed by your employer;
- **Part 3, the Medical Report** with Sections 1 completed by you and Sections 2, 3 and 4 completed and signed by your physician.

You have applied for disability retirement once Part 1 of the disability application is date-stamped by DRS. In the case of death, the postmark date can be used, as long as it is the date of death or earlier. Receipt of Part 2 or Part 3 does not constitute filing of an application for disability retirement.

DRS will not grant or deny disability retirement until all three parts of the application have been received.

Following receipt of all three parts of your application, PERS will determine whether you are eligible to receive benefits. In most cases, the determination process takes no more than two weeks. The process may take longer if PERS requires additional information from you or other agencies concerning your application. You will be informed if more information is needed from you.

3. You will not receive a benefit until you have separated from employment. Your application may be processed if you are no longer working or are using authorized sick leave or annual leave. If you are working full-time or part-time and have not separated within 90 days of the application approval date, DRS will rescind its approval. If you subsequently become totally incapacitated for further performance of duties, you may reapply and submit current medical evidence for consideration.

Appealing a Decision

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

Errors

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.

Taxation and Assignment of Benefits

Federal Income Taxes

Disability benefits are taxed as ordinary income until minimum retirement age. 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 tell PERS how much of your benefit you want withheld for taxes. If you do not, PERS will follow IRS rules requiring withholding as if you were married and claiming three exemptions. You are responsible for declaring the proper amount of taxable income on your income tax return.

Assignment and Attachment of Benefits

Your retirement benefits 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 a Legal Order Affect My Retirement Account?*

Contacting DRS

For more information, refer to your the *PERS Member Handbook* for your plan (1, 2 or 3), visit the DRS Web site, or contact DRS directly. DRS office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays. Before visiting, please call to schedule an appointment.

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