

## YOUR PUBLIC SERVICE SALARY AND CREDITS

A disability benefit from PERA, just like a retirement benefit, is always dependent on your average salary over your five highest-paid consecutive years of public service, and on your total service credits with the Association.

If you are receiving temporary workers' compensation payments, payments may be made to PERA to purchase service or salary credit. However, such payment must be made within one year after the termination of your temporary workers' compensation payments, or within 30 days after your termination of public service, whichever is earlier.

Repayment of a refund must be made within six months after the date you file your disability application or within six months after the effective date of the disability benefit, whichever is later. Any repayment of a refund must be made within six months of termination.

No other purchase of prior service or payment made in lieu of salary deductions may be made after the occurrence of a disability for which you have filed a benefit application.

## QUALIFYING FOR DISABILITY BENEFITS

- » You must be under normal retirement age.
- » You must be employed in public service when you become disabled.
- » You must be vested for a disability benefit (three years of allowable service if enrolled prior to July 1, 2010, and five years thereafter); however, if your service ended during the last three years, you must have at least two years of continuous service since last becoming a public employee.
- » You must apply for disability benefits within 18 months of the date you terminate public service.
- » Medical evidence must support your claim that you are totally and permanently disabled and unable to engage in ANY substantial gainful activity for at least one year.

*Minn. Stat. § 353.01, subd. 19 "Total and permanent disability" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to be of long-continued and indefinite duration. Long-continued and indefinite duration means that the disability has been or is expected to be for a period of at least one year.*

## APPLYING FOR DISABILITY BENEFITS

Complete the *Disability Application*. You, and your spouse if you are married, are required to sign the application **in the presence of a notary public**. Include your direct deposit information on your application. Because PERA requires electronic transfer of payments, your application is not complete until this information is provided. Please return the application to our office promptly.

If you qualify, **you may apply for both retirement and disability benefits simultaneously**. If the *Disability Application* is approved, we will cancel the retirement application. However, if your disability application is denied, we will, upon your written request, process the *Retirement Application*.

**Birth documents** for both you and your survivor designee are required. If either of your names have changed due to marriage, divorce, adoption or other reason, please provide a copy of the appropriate name change document.

You must provide two medical reports on the forms provided by PERA: a detailed report signed by a licensed medical doctor and at least one additional report signed by a licensed medical doctor, psychologist, chiropractor, or Advanced Practice Registered Nurse (APRN).

The **cost** of securing medical documentation is yours. Managed Medical Review Organization (MMro) will review your disability application and recommend approval or denial based on the definition of disability as outlined in the "Qualifying for Disability Benefits" section.

**Your employer** will be required to certify your employment dates and your workers' compensation status.

## IF YOUR BENEFITS ARE APPROVED/DENIED

### APPROVED

Disability benefits become payable when you are no longer receiving any form of compensation from your employer, or 90 days prior to receipt of the application, whichever is later. The benefit will not be calculated until we have received final salary deductions from your employer. However, payment will be retroactive to the effective date of the benefit.

PERA will require you to provide periodic proof that you continue to be disabled.

**Note:** *The Association has the authority to request updated medical reports at any time.*

During March of each year, you will be required to complete an *Annual Earnings Form*, and report any income from employment and/or workers' compensation. If you do not return the form to our office by mid-May, your benefit will be discontinued.

*Depending upon when your benefit becomes effective, the period of time you must wait before becoming eligible for your first increase varies from seven to 18 months and may be prorated. Any benefit increase provided is effective January 1.*

### DENIED

If your application for disability is denied, you will be provided with the opportunity to appeal the denial. If you submitted an application for retirement along with your application for disability, PERA will, upon your written request, process the application for retirement benefits.

## FORMS OF PAYMENT/SURVIVOR OPTIONS

Payment of your disability benefit will be made on a monthly basis as a single-life benefit unless you elect a 25, 50, 75 or 100 percent survivor option.

Disability benefits continue until normal retirement age, presuming you remain totally and permanently disabled. At that time, they convert to a retirement benefit for the remainder of your life. The benefit amount remains the same, unless you change from a single-life benefit to a survivor option.

### SINGLE-LIFE BENEFIT

- » A single-life benefit is payable for your lifetime only. Any remaining employee contributions not received as a benefit by you would be distributed to your beneficiaries upon your death.
- » If you choose a single-life benefit and your disability continues to normal retirement age, you will again have the opportunity to change from a single-life benefit to a survivor option.

### SURVIVOR OPTIONS

- » Survivor options do reduce the amount of your monthly benefit. Survivor options provide for the continuation of the payments at a 25, 50, 75, or 100 percent level for the individual you name as your survivor in the event of your death.
- » If you elect a survivor option and the survivor designee dies before you, your benefit will “bounce back” to the single-life benefit amount upon PERA receiving notification.
- » **The election of a survivor option is irrevocable once payments have been issued.**

You must sign your application before a notary public. If you are married, your spouse must also sign the application in the presence of a notary, acknowledging the benefit selection. If your spouse fails to sign the application or the signature is not notarized, the 50 percent survivor option will be paid unless you elect the 75 or 100 percent survivor option.

## EARNINGS AND TOTAL AND PERMANENT DISABILITY

If you remain totally and permanently disabled, you may return to employment, as long as that employment is not considered to be substantial gainful activity.

The law does not define “substantial gainful activity.” However, we will likely ask that you provide medical documentation that you continue to be totally and permanently disabled, as defined by law, if you are:

- » earning more than the Social Security limit,
- » working or volunteering more than 20 hours per week, or
- » participating in substantial activity, i.e. attending school on a part-time or full-time basis.

If you remain disabled, and have earnings, and the combination of your PERA benefit, earnings and/or workers’ compensation benefit exceed the salary currently paid for the position you held when you became disabled, we will reduce your benefit until your combined income is equal to the salary currently paid for the position you held when you became disabled.

## TRIAL WORK PERIOD

This is a one-time opportunity.

If you return to work with a PERA-covered employer, you may do so on a trial basis for up to six months without jeopardizing your disability benefit. No PERA deductions will be taken from your salary, nor will you earn any service credit during this trial period. If the combination of your earnings and disability benefit exceed the salary currently paid for the position you held at the date of disability, your PERA benefit will be reduced until the combined total is within the limit allowed by law.

If you are able to continue working after the six-month trial period, your disability benefits will be discontinued. If you are not able to continue working beyond the six-month trial period, medical certification may be required.

## WORKERS’ COMPENSATION AND PERA DISABILITY

If you are receiving workers’ compensation as well as PERA disability benefit, the combined income cannot exceed the salary currently being paid for the position you held at the date of disability. If the limit is exceeded, the PERA disability benefit will be reduced until the combination of benefits is within the limit allowed by law.

## REDUCTIONS ARE NOT REFUNDED LATER

Any amount deducted from your disability benefit due to employment or workers’ compensation is not recoverable at a later date.

## TAXES AND WITHHOLDING ON DISABILITY BENEFITS

### TAXABILITY

According to the Internal Revenue Service, disability benefits are fully taxable until age 55 or when you qualify for the Rule of 90. Upon reaching age 55 or Rule of 90, the benefit is taxable under the “Simplified General Rule.”\*

### TAX WITHHOLDING

At the time you apply for a benefit, PERA will ask you how you wish to have Federal and Minnesota income taxes withheld from your monthly payment. You can have no withholding made, in which case you may be responsible for making quarterly federal and state estimated tax payments; PERA can do automatic withholding based on your marital status and number of exemptions you claim; or, you may have us withhold an amount larger than the standard withholding.

You may change your withholding at any time by logging on to your myPERA account ([mnpera.org](http://mnpera.org)) or by completing a new W-4R and W-4MNP.

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### \*SIMPLIFIED GENERAL RULE

This tax rule allows you to recover any already-taxed contributions you made to the plan over your life expectancy. The result of this tax rule is that a portion of your monthly benefit will now be tax-free until you have recovered all of those pretax funds.

Generally, pretax contributions are made up of contributions reported to PERA before Jan. 1, 1983. Prior to that time, PERA was not a qualified, tax-deferred pension plan. Therefore, all contributions withheld from your salary and reported to us had already been taxed. In addition to these contributions, any refunds that you repaid and the interest paid on them, unless made from a qualified tax-deferred account, are also covered by the General Rule. Once you have recovered all your pretax contributions, the full benefit becomes taxable.

The table below lists the number of benefit payments that will include non-taxable income, if any, under the Simplified General Rule:

SINGLE-LIFE PENSION		SURVIVOR OPTION PENSION	
MEMBER AGE	NUMBER OF PAYMENTS	COMBINED AGES	NUMBER OF PAYMENTS
55 and under	360	110 and under	410
56-60	310	111-120	360
61-65	260	121-130	310
66-70	210	131-140	260
71 and over	160	141 and over	210