

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.

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 payments, or within 30 days after your termination of public service, whichever is earlier.

Repayment of 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.

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.

DISABILITY DEFINITIONS

REGULAR DISABILITY

“Regular disability,” either physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the Local Government Correctional Service Retirement Plan. It is the result of a disease or an injury that arises from any activities while not at work, or while at work and performing those normal or less frequent duties that do not present inherent dangers that are specific to the occupations covered by the Correctional Plan.

The minimum benefit payable is equal to 10 years of service (19 percent of the average monthly salary for the five highest-paid consecutive years of service). The benefit increases 1.9 percent of average salary for each year in excess of 10 years.

DUTY DISABILITY

“Duty disability,” either physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the Local Government Correctional Service Retirement Plan. In addition, it is the direct result of an injury incurred during, or a disease arising out of, the performance of normal duties or the actual performance of less frequent duties, either of which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the Correctional Plan.

The minimum benefit payable is equal to 25 years of service (47.5 percent of the average monthly salary for the five highest-paid consecutive years of service). The benefit increases 1.9 percent of average salary for each year in excess of 25 years. Your employer will be required to certify your employment dates and your workers' compensation status.

QUALIFYING FOR DISABILITY BENEFITS

REGULAR DISABILITY

A minimum of one year of allowable service credit is required to qualify for a regular disability. The minimum benefit payable is equal to 10 years of service.

DUTY DISABILITY

There is no minimum service requirement. The minimum benefit payable is equal to 25 years of service.

APPLYING FOR DISABILITY BENEFITS

Your disability must have occurred while you were an active public employee, and you must apply while still actively employed or within 18 months from the date you end your public service.

Complete the *Disability Application*. You, and your spouse if married, must sign it in the presence of a notary public. If you qualify, you may apply for both retirement and disability benefits simultaneously. Please include your direct deposit information on your application. PERA requires electronic transfer of payments. Your application is not complete until this information is provided.

If the *Disability Application* is approved, we will cancel the retirement application. However, if your disability application is denied, PERA will, upon 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 medical doctor, psychologist, APRN or chiropractor. Additionally, for psychological conditions, at least one of the Medical Reports must be signed by a psychiatrist or psychologist.

The medical evidence must support your claim that you are disabled from the normal duties of the position you held when you were initially injured or became ill. However, if the initial injury or illness was more than two years ago, the medical evidence must support your claim that you are disabled from the duties that were expected to be performed by you during the 90 days preceding the last day you performed the services for your employer for which you are applying disability for.

The cost of securing medical documentation is yours.

You are required to submit a record of your pre-employment physical and current job description.

If you are applying for a duty-related disability benefit, the law requires that you provide a First Report of Injury.

Your employer will be required to certify your employment dates and your workers' comp status. They must also confirm that there is no work available that you can perform and that all reasonable accommodations have been considered.

IF YOUR BENEFITS ARE APPROVED/DENIED

APPROVED

You must stop working within 45 days of being notified of the approval of your disability application. If you do not, the application will be canceled. You cannot again apply for disability benefits, for that condition, for a period of one year from the date of cancellation.

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 retirement becomes effective, the period of time you must wait before becoming eligible for any adjustment in your pension 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 an 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 age 55, or five years after the effective date of the disability, whichever is later. At that time the benefit converts to a retirement benefit for the remainder of your life. The benefit amount remains the same unless you change your benefit selection from a single-life 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 age 55 or five years after the effective date of the disability, whichever is later, 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 once PERA receives 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 OTHER BENEFIT OFFSETS

EARNINGS AND PERA DISABILITY

If you are receiving a regular or duty-related disability, you can work as long as the position is not covered by the PERA Correctional or the PERA Police and Fire Plan.

If your earnings when added to your disability benefit exceed the salary currently paid for the position you held when you became disabled, the disability benefit will be reduced by the amount your combined income exceeds that salary.

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.

EARNINGS AND WORKERS' COMPENSATION

If the combination of a PERA benefit, earnings and workers' compensation income exceeds the salary currently paid for the position you held at the date of your disability, the disability benefit will be reduced by the amount the limit is exceeded.

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

REGULAR DISABILITY

Your benefit will be fully taxable until age 50. Upon reaching age 50, any pretax contributions you may have made will be distributed tax free over your estimated lifetime (and the lifetime of your survivor if you choose a Survivor benefit option) based on the “Simplified General Rule*” required by the Internal Revenue Service.

DUTY DISABILITY

The first 25 years of your benefit will be non-taxable until it converts to a retirement benefit at age 55 or 5 years after the effective date of the benefit, whichever is later. Once the benefit converts to retirement it 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) or by completing a new W-4R and W-4MNP.

*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