

### Occupational Disability Benefits

#### Have you been injured on the job?

If you are injured and become totally and permanently disabled because of a physical or mental condition caused by an injury or hazard that happens while performing the usual and normal duties of your job, you may be eligible for an occupational disability benefit. Disability benefits are intended to provide a means of economic survival if you must terminate your PERS employment because of a disability. Disability benefits provide you a monthly benefit payment and major medical insurance and are not intended to supplement your income should you recover from your disability and return to work.

#### How do you qualify for occupational disability benefits?

There are no minimum service requirements for occupational disability benefits. You are eligible for benefits from the first day on the job if you are hurt or injured. All members are eligible for occupational disability regardless of Tier level. In addition, your disabling condition must be permanent and prevent you from performing the usual duties of your job, or any other comparable job your employer makes available for which you are qualified by training and education. You are not eligible to apply if you already qualify for normal retirement.

#### Do you have to terminate employment before applying for disability benefits?

No, you do not need to terminate employment before applying for a disability benefit. However, if you are approved for benefits, you must terminate employment within 30 days of the Administrator's decision.

**Caution:** You may choose to receive a refund of your accumulated member contributions in a lump sum, rather than apply for a disability retirement benefit. However, if you refund your contributions instead of applying for a disability retirement, you are no longer eligible for that benefit or any future PERS retirement benefit or associated system-paid medical insurance benefits, and you forever forfeit your tier status.

#### How do you apply?

You should contact the Division and request a disability packet. Your application must be received by the Division or postmarked within 90 days after termination of employment. If you have missed the 90-day deadline, contact the Division for assistance. In general it takes approximately six to eight weeks to process your application. It can take longer if you do not provide adequate medical documentation or other required information to support your application. It is your responsibility to provide complete information to the Division so a determination can be made.

#### Who determines if you qualify for disability benefits?

You must provide physician statements and complete medical records along with an employer's statement of disability to the Division. The Division will obtain your complete worker's compensation file. A consulting physician who will make a recommendation to the PERS Administrator then reviews your complete file. The Administrator will then make a final determination and you will be notified. If you are denied disability benefits, you have the right to appeal the denial to the Office of Administrative Hearings.

#### When do disability benefits begin?

Once your disability application is approved, you will begin receiving monthly benefits. Benefits accrue from the first day of the month following termination of employment and are paid at the end of the month. If your appointment to disability is delayed to allow time for the PERS Administrator to obtain and review records, retroactive payments will be made.

#### What is the monthly benefit amount?

Under current law, the monthly benefit is equal to 40% of your gross salary at the time of termination. If you were hired and first enrolled in the PERS before July 1, 1976, the benefit amount will depend on when you were first enrolled in PERS and whether you are classified as "peace officers/fire fighters" or "all other" members. If you are a peace officer, fire fighter and were first hired before July 1, 1976, please contact the Division for further information.

#### Are occupational disability benefits taxable?

Generally, PERS occupational disability benefits are not considered taxable if your benefit is calculated as 40% of your gross monthly salary earned while you were working. Some members, who were initially hired under the PERS system prior to July 1, 1976, may choose a benefit based on service and salaries. Benefits calculated in this manner are considered taxable and are required by the IRS to be coded as an early distribution of retirement funds. As such, these benefits may be subject to a 10% early distribution penalty. If you feel you meet the federal definition of disability, you can file IRS Form #5329 for an exemption to the early distribution penalty. You may elect to have no federal tax withheld from your benefit by completing a W4-P withholding form available from the Division. However, you are still responsible for any taxes due to the federal government. The Division does not give tax advice and you may wish to consult a tax professional for more information.

#### Is there any medical coverage for occupational disabilities?

You, your spouse, and your dependent children are eligible for major medical coverage at no cost to you as long as you are receiving disability benefits. Dependent children up to age 19 are covered and may be included up to age 23 if

enrolled full-time in an accredited college or university. The medical coverage will continue once your disability benefits convert to a normal retirement. There are also optional insurance coverages for dental-vision-audio (DVA) and long-term care (LTC) insurance which you may elect and pay premiums for. You must elect LTC within 60 day of your appointment to disability benefits or you will not have the opportunity to elect LTC at any future time, including when your disability benefit converts to normal retirement. (Your spouse could elect LTC for self and spouse when the spouse retires from PERS or TRS).

## What are the vocational rehabilitation requirements?

Based on your initial hire date under the PERS system, you may be required to enroll in a vocational rehabilitation program after you are approved for disability benefits. If you were first hired in the PERS after June 30, 1986, you will be required to enroll in a rehabilitation program with the Division of Vocational Rehabilitation (DVR) within 30 days of being appointed to a disability retirement benefit.

## Can your disability retirement benefits be terminated?

Yes, if you are required to report to the Division of Vocational Rehabilitation (DVR) and fail to do so, your disability benefits can be terminated. Your benefit can also be terminated if you fail to enroll in a DVR program when required. The Division requires proof of your enrollment in a DVR program. If you fail to enroll, fail to interview for a job, or fail to accept a position offered, or if you are certified by DVR as failing to cooperate in a rehabilitation program, your disability retirement benefit may be terminated. Your disability benefit may also be terminated if you return to work or recover from your disability.

## Are there periodic proof of eligibility requirements?

Yes, all occupational disabilitants must show proof of continuing eligibility by undergoing a medical examination when required by the PERS Administrator (not more than once each year). In addition, you may be asked to provide other documentation such as tax returns or physician statements as proof of continued eligibility.

## What are the death benefits?

If you die while you are receiving occupational disability benefits and you are not single, your spouse may have options for continuing benefits. If you are single, benefits will be paid to your named beneficiaries on file with the Division. You may update your beneficiaries by completing new beneficiary forms available on the Division website. If there is no surviving spouse, the survivor's pension shall be paid in equal parts to the dependent children of the employee.

For further information on death benefits, please contact the Division.

## How long will you receive a disability benefit?

Members continue to accrue PERS service while receiving occupational disability benefits. When you become eligible for normal retirement, disability benefits will cease and you will be appointed to normal retirement. Your monthly retirement benefit will be based on your total PERS service and average monthly compensation. For Tier I members, age 55 or 30 years of paid-up service determines normal retirement eligibility; Tier II and III members, age 60 or 30 years of paid-up service. Tier I police and fire fighters, age 55 or 20 years of paid-up service; Tier II and III police and fire fighters, age 60 or 20 years of paid-up service.

## What happens if you become reemployed?

Disability benefits are not intended to supplement your income should you recover from your disability and return to work. Proof of such recovery may include medical evidence or proof of capability to work in a comparable position for an employer, including self-employment. A "comparable position" may include a position that requires similar strengths and abilities to the position you held at the time of termination OR a PERS position that provides compensation of 75% or more of the salary used to calculate your occupational disability benefit, adjusted for inflation.

### Alaska Division of Retirement and Benefits

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### Member Education Center

Hours: Monday-Thursday 8:30 a.m. to 4 p.m. | Friday 8:30 a.m. to 3 p.m.

Toll-Free: (800) 821-2251 | In Juneau: (907) 465-4460 | Fax: (907) 465-4668 | TDD: (907) 465-2805

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*Language contained in Alaska Statutes, the Alaska Administrative Code, and the plan documents governs the plans.*