

DISABILITY RETIREMENT-DR

CONDITIONS FOR ELIGIBILITY FOR CSRS

Five Years of Creditable Civilian Service

An employee must, while employed subject to the Retirement System, have become disabled for service in his or her current position. The employee must be considered by the agency for any vacant positions for which he or she is qualified, in the same agency and commuting area, at the same pay level.

National Guard Technicians are eligible if disability disqualifies them for membership in the National Guard, unless they decline an offer of a position in any agency at the same pay and in the same commuting area.

The following formula applies for Law Enforcement officers and Firefighters when they become disabled and have 20 years of qualifying service but do not meet the age requirement.

GUARANTEED MINIMUM ANNUITY

An employee who qualifies for disability is entitled to the HIGHER of:

- His or her earned annuity based on the "High-3" average salary and years and months of service as of separation date, or
- Guaranteed minimum annuity which is the lesser of:
 - 40% of "High-3" average salary, or
 - A computation using the regular formula after extending employee's age to 60.

The guaranteed minimum will not benefit an employee who has 21 years and 11 months of service or who is age 60 or older. The earned annuity (actual service and "High-3" average salary computation) will be used in these circumstances.

Example:

Employee is 50 years old with 15 years of service and a "High-3" average salary of \$40,000.

Earned annuity for 15 years of service:

$$15 \text{ years} = .2625 \times \$40,000 = \$10,500$$

Guaranteed Minimum:

- $40\% \times \$40,000 = \$16,000$
- Age 60 minus age 50 = 10 years plus actual service of 15 years = 25 years
 $25 \text{ years} = .4625 \times \$40,000 = \$18,500$

Guaranteed Minimum is \$16,000 (which is lesser of two computations)

Compare earned annuity of \$10,500 with guaranteed minimum of \$16,000 and retiring employee is entitled to higher of the two or in this case \$16,000.

If earnings from employment in private industry reach 80% or more of current salary of position from which retired, disability annuity will be discontinued.

As a rule, employees receiving military retired pay or VA compensation in lieu of military retired pay are not eligible for the guaranteed minimum. There are exceptions for retired pay, due to service-connected disability incurred in the line of duty – during a period of war on the basis of age and service to members of the armed forces reserve components.

CONDITIONS FOR ELIGIBILITY FOR FERS

Eligibility

- Disabled at job and cannot be placed in same agency, at same pay, in same commuting area, with same retention rights.
- Has at least 18 months of creditable service.
- Must apply for Social Security, or provide evidence of ineligibility.

Disability Annuity Computation First year of Disability

- 60% of "High-3"
 - Average salary less 100% of Social Security Disability Benefit (if entitled)

Second Year of Disability and Until Retiree Reaches Age 62

- 40% of "High-3"
- Average salary less 60% or Social Security Disability Benefit (if entitled)
- FERS COLA'S payable after first 12 months.

Re-Computation at Age 62

Total service used in re-computation includes:

- Actual service performed, plus
- Total time annuitant was on the disability payroll

Average salary used in re-computation equals the average salary at beginning of disability annuity, increased by all FERS COLA'S during period employee was on the disability payroll.

Example:

Employee became disabled at age 50 with 15 years of service and a "High-3" average salary of \$40,000.

- First year (not eligible for Social Security Disability)
x 60% x \$40,000 = \$24,000
- Second year and until age 62:
40% x \$40,000 = \$16,000

Recomputation at Age 62

Add 12 years (time on disability)

Add 15 years (actual service)

Add 27 years (total service for re-computation purposes)

Assume COLA'S for 12-year period compounded annually, increased "High-3" average salary to \$50,000. Compute annuity:

$$1\% \times \$50,000 = \$550 \times 27 \text{ years} = \$14,850$$

NOTE: *A disability annuity based on 60% or 40% of "High-3" average salary less the appropriate reduction for Social Security Disability will NOT have a CSRS component.*

A disability annuity may contain a CSRS component:

If it is computed in the same manner as a non-disability annuity, or when it is recomputed at age 62.

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