

Disability Retirement

(La. R.S. 11:212, 217, 461-463, and LAC 58:l:2501-2523)

If you are a Regular Member and become totally disabled and incapable of performing your normal job duties, you may be eligible to start receiving a Disability retirement benefit. Disability retirement must be approved by a LASERS authorized physician.

Eligibility

You are eligible to apply for Disability retirement if you are a Regular Member, are unable to perform your work duties, and you meet both of the following criteria:

- 10 years of service at any age
- Active member at the time the disability application is submitted

If you are a Regular Member eligible for Regular retirement, including the 20 years at any age actuarially reduced retirement, you cannot apply for Disability benefits.

Benefit Accrual

Regular Members approved for Disability retirement will receive a maximum Disability retirement benefit based on an accrual rate of 2.5%. (Accrual rates for transferred service may vary.)

Chris is age 52 and has accrued 10.90 years of service credit. He has an annual final average compensation of \$40,000.00. His maximum Disability retirement benefit would be calculated in the following manner:

$$\begin{array}{rcccl} \$40,000.00 & \times & .025 & \times & 10.90 & = & \$10,900.00 \text{ per year} \\ \textit{average} & & \textit{accrual} & & \textit{years of} & & (\$908.33 \text{ per month}) \\ \textit{compensation} & & \textit{rate} & & \textit{service credit} & & \end{array}$$

Application Process

To apply for Disability retirement, you must submit the following to LASERS:

- Form 4-01, *Disability Retirement*. A complete application must consist of all three parts:
 - Disability Retirement Application (completed by you)
 - Disability Report (completed by your agency)
 - Attending Physician's Statement (completed by a physician)
- Copy of your medical records

If you are approved for disability retirement, your benefits will be paid in accordance with the retirement option you select on your Form 4-01, *Disability Retirement Application*. You cannot change your retirement option selection after you have submitted the Form 4-01, *Disability Retirement Application*.

Once the required documents are received by LASERS, a physician on the State Medical Disability Board will review your medical records. Based on that review, the physician will either:

- Ask for additional records or testing,
- Request an Independent Medical Exam (IME) at LASERS expense, or
- Approve you for Disability retirement.

If additional records and/or examinations are needed, the physician will not make a determination of disability until the necessary records and/or reports have been received. The physician will then submit the medical evaluation and his conclusions as to whether the member should be approved or denied for Disability retirement.

If You are Denied for Disability Retirement

If you are denied for Disability retirement, you have the right to appeal. To challenge the Board physician's denial, you must file a written appeal within 30 days of the determination.

A second examination will be performed by a State Medical Disability Board physician. You must pay the cost of the second examination. If the second physician agrees with the original physician that you are not disabled, any further appeal must be made through State court.

If the second examining physician disagrees with the findings of the first physician, a third Board physician is selected to provide a decision. The majority opinion of the three examining physicians shall be final, and any further appeal must be made through State court. You must pay the cost of the third examination, but will be reimbursed by LASERS if you are certified as disabled. If your disability claim is denied no reimbursement will be issued. If you fail to appear for an examination and the physician charges a cancellation fee, you will be responsible for this fee.

If You are Approved for Disability Retirement

If you are approved for Disability retirement, you must submit the following information to LASERS:

- Form 4-04, *Spousal Consent* (if you are married and select Maximum or Option 1, or name a beneficiary who is not your spouse) . Alternately, you may submit a Certified Matrimonial Contract, Pre-nuptial Agreement, Separate Property Agreement, etc. (if applicable).
- Copies of Social Security cards and birth certificates for you and your beneficiary(ies)
- Certified Copy of a Judgment of Divorce and/or copy of the death certificate from your former spouse (if applicable)
- Form 4-05, *Authorization for Direct Deposit*
- Form 6-02, *Insurance Premium Deduction Authorization* (if applicable)
- Form W-4P, *Withholding Certificate for Pension or Annuity Payments*. This form is not required. If the form is not submitted to LASERS, your federal tax withholding will be set to the IRS default, which is currently "Married with three allowances".
- Form 7-01, *Certification of Unused Annual and Sick Leave* (submitted by your agency)

(continued on next page)

No retirement benefits will be paid until LASERS receives all of the required documents. Your Disability retirement will be effective the day the application is received by LASERS or the day after you terminate state service, whichever is later. At the time of your Disability retirement, any unused annual and sick leave will be converted to service credit.

Earnings Limits While Disabled

If you receive Disability retirement, you may accept employment that you can perform with your disability. Earnings from employment are limited to the difference between your final average compensation, adjusted for inflation based on the Consumer Price Index (CPI), and your Disability benefit. You are required to submit a notarized annual earnings statement to LASERS along with a copy of your W-2s and 1040 by May 1 of each year. These statements will be mailed to you by LASERS and require you to detail income earned from employment in the previous calendar year. LASERS may suspend and eventually revoke your disability benefit if this statement is not received in a timely manner.

Chris was approved for Disability retirement in 2005 and is currently receiving a Disability retirement benefit of \$908.33 per month. He was working as an Electrical Specialist when he injured his back and could not perform his normal job duties, which included heavy lifting. He has now been offered a position as an office manager, which is acceptable and consistent with his disability since the position will not involve any lifting. His earnings will be limited as follows:

$$\begin{array}{rcccccc} \$40,000.00 & \times & 603.9/568.9 & - & \$10,899.96 & = & \$31,560.94 \\ \text{average} & & \text{2008 CPI/2005 CPI} & & \text{annual disability} & & \text{(annual earnings limit)} \\ \text{compensation} & & & & \text{benefit} & & \end{array}$$

Certification of Continuing Disability

If you receive Disability retirement, you must complete Form MSD12, *Annual Attending Physician Statement* (AAPS) once each year during the first five years following your Disability retirement, and once every three years thereafter until you reach your Regular retirement age. Each year LASERS will mail the AAPS to you. This form must be completed by a physician and returned to LASERS within 30 business days. Failure to comply with certification requirements will result in the termination of your Disability benefits.

Once the AAPS is received, LASERS may require you to undergo a medical examination. If a medical examination is required, LASERS will schedule the appointment with a State Medical Disability Board or appointed alternate physician, and notify you of the appointment time and place in writing. LASERS must pay the cost of this examination. If you fail to appear for this examination and the physician charges a cancellation fee, you will be responsible for this fee.

Upon meeting the age requirement for Regular retirement LASERS will send you a letter giving you the option to change from Disability retirement to Regular retirement.

Returning to Active Service (La. R.S. 11:224 and 11:225)

If you return to active state service you have two choices:

- Return to work and terminate your Disability retirement benefits. You will become a contributing member of LASERS, and any service credit accrued prior to your Disability retirement will be restored, or
- Return to work for a six-month trial period. Your Disability benefits will be suspended while you return to work but no employee or employer contributions will be paid. If you terminate employment during the six-month trial period, your benefits will resume without you having to reapply for Disability retirement. If you continue working for six months or longer, your Disability benefits will be terminated, and employee and employer contributions will resume.

If you return to work for at least three years, the time for which you received Disability benefits will be credited to you for retirement eligibility, but not for the calculation of benefits. In the event that this occurs, your eligibility for Regular retirement or DROP may be affected.

Chris had 10.90 years of service credit when he began Disability retirement on January 1, 2005. He returned to work on May 1, 2005, for a six-month trial period. He continued to work past this six-month trial period so his Disability benefits were terminated, and all previous service credit was restored. He has now worked over three years so he receives retirement eligibility for the time which he was on Disability retirement. His total service credit is calculated below:

	Eligibility Service Credit	Computation Service Credit
Initial service credit	10.90	10.90
Credit for time while on Disability retirement	.40	0
Service credit earned after returning to work	3.40	3.40
Total service credit	14.70	14.30

He currently has 14.70 years for retirement eligibility, and 14.30 years for the calculation of benefits.

Application Process

To return to active service after disability retirement, you must submit the following to LASERS:

- Form 10-02A, *Re-employment of Disability Retiree*