

[retirement.sc.gov](http://www.retirement.sc.gov)

South Carolina Retirement Systems



Who May Apply

You may apply for disability retirement if you become physically or mentally incapable of performing the regular duties of your job and your disability is likely to be permanent. Becoming disabled does not automatically qualify you for disability retirement; you must file an application and go through the review process.

PEBA Retirement Benefits must receive your disability retirement application within 90 days of the date of your termination from covered employment.

If you are a Class Two member you must have at least five years of earned service credit toward retirement unless your disability is the result of an injury arising out of and in the course of the performance of your job duties. Class Three members must have at least eight years of earned service credit toward retirement.

You may arrange with your employer to make your retirement contributions through your employer if your disability requires you to be placed in an employer-approved leave status while receiving workers' compensation benefits. Doing so will ensure that you continue to earn retirement service credit during your workers' compensation leave period.

Do not wait to apply for disability benefits until your workers' compensation claim is finalized. Many workers' compensation claims are often settled after covered employment has ended.

If your disability claim is denied, the continuance of paying contributions and earning retirement service credit may be important to your long-term retirement plans. Retired members who work for a

covered employer are not eligible to apply for disability benefits.

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How to Apply

If you meet the disability filing criteria, go to the [Forms section](#) of our website or [contact PEBA Retirement Benefits](#) for a disability retirement packet. When you file your disability retirement claim, please complete all of the forms in the disability retirement packet. You do not, however, need to include any medical records from your health care providers.

You should file your application for disability retirement as soon as you become disabled. PEBA Retirement Benefits must receive your disability application within 90 days of the date of termination from your covered employment or you will not be eligible to participate in the disability retirement program.

If you do not receive notification in the mail confirming receipt of your application within 10 days after you submit it, please [contact PEBA Retirement Benefits](#).

If you are eligible for service retirement when you become disabled, you may apply for service retirement and begin receiving benefits while awaiting determination of your disability claim; however, you will receive only one type of payment, so if your disability claim is approved, the service retirement benefit will cease.

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Processing the Claim

Your medical records will be obtained from your health care providers by our disability determination provider and evaluated to determine the severity and limiting effects of your physical or mental impairment. The final determination is made by PEBA Retirement Benefits. If your claim is denied, you will have an opportunity to appeal that denial.

Please allow a minimum of three months after all required documentation has been received from you, your employer, and your health care providers for your disability application to be processed. If you have not received PEBA Retirement Benefits' decision within three months, please [contact the Retirement Systems](#).

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Effective Date

If your disability retirement claim is approved, the effective date for benefits will be the 30th day after your application is received by PEBA Retirement Benefits or the day after your last day on your employer's payroll, whichever is later.

A disability benefit, once approved, may be discontinued if:

- You regain a certain earning capacity; **or**
- Medical evidence indicates that you are no longer disabled; **or**
- Your disability benefits were not approved following a continuing disability review.

Periodic medical reexaminations may be required up to age 65. If PEBA Retirement Benefits determines that your disability benefits should cease because of an improvement in your medical condition, your retirement benefits will stop the month of your scheduled review or the month of PEBA Retirement Benefits' decision, whichever is later.

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Benefit Payments

A disability applicant may select the same payment plans as a service retiree.

Because PEBA Retirement Benefits does **not** determine your disability based on the criteria for a disability that is total and permanent, like Social Security, your disability benefits are considered to be a normal distribution from your retirement account. For tax information, contact the [Internal Revenue Service](#), the [SC Department of Revenue](#) if you live in South Carolina, and/or your personal tax advisor.

Disability benefits paid under SCRS are based on approval for an occupational or job-related disability. Per Internal Revenue Service guidelines, all such benefits are reported as normal distributions with a distribution code of 7 on Internal Revenue Service Form 1099-R.

If you also receive benefits from the Social Security Administration that are based on total and permanent disability, such benefits are reported to you with a distribution code of 3 on Internal Revenue Service Form 1099-R. If you are considered to be totally and permanently disabled, benefits paid by PEBA Retirement Benefits may be eligible for additional tax credits. Please have your tax advisor refer to the instructions for completing Internal Revenue Service Schedule R in preparing your income tax return.

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Returning to Employment While Receiving a Disability Retirement Benefit

If you are under age 65 and receiving an SCRS disability benefit, you should report earnings from any gainful (public or private) employment to PEBA Retirement Benefits annually because there is an earnings limitation for all employment which is applied on a calendar-year basis. You may earn the difference between your adjusted average final compensation at retirement and your disability retirement benefit without affecting your retirement benefits (see example below).

Example

Average final compensation at retirement (adjusted for inflation)	\$35,000
Annual disability retirement annuity	- <u>\$14,950</u>
Disability retiree can earn difference (for the calendar year)	\$20,050

Your average final compensation may be adjusted each year for inflation for earnings limitation purposes only. This increase generally matches the percentage increase of the Consumer Price Index for Wage Earners and Clerical Workers. These adjustments affect the amount you can earn while receiving a disability retirement benefit; however, they do not affect the amount of your benefit. You will receive a letter each February advising you on how much you can earn and requesting confirmation of your prior year earnings. You will have to repay any benefits that you received to which you were not entitled.

If you earn more than the difference between your adjusted average final compensation and your disability benefit amount, your monthly benefit will be reduced or possibly canceled. If you return to work with an employer covered by PEBA Retirement Benefits and your annual earnable compensation is equal to or greater than your adjusted average final compensation, your disability retirement benefit ceases and you must become an active member of the system.

At age 65, there is no earnings limitation for public or private employment.

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Original URL:

<http://www.retirement.sc.gov/scrs/active/disability/default.htm>

Disability Retirement Annuity Who May Apply

You may apply for a disability retirement annuity if you become physically or mentally incapable of performing the regular duties of your job and your disability is likely to be permanent. Becoming disabled does not automatically qualify you for a disability retirement annuity; you must file an application and go through the review process. PEBA must receive your disability retirement application within 90 days of the date of your termination from covered employment.

If you are a Class Two member, you must have at least five years of earned service credit toward retirement unless your disability is the result of an injury arising out of and in the course of the performance of your job duties. Class Three members must have at least eight years of earned service credit toward retire-

ment unless your disability is the result of an injury arising out of and in the course of the performance of your job duties.

You may arrange with your employer to make your retirement contributions through your employer if your disability requires you to be placed in an employer-approved leave status while receiving workers' compensation benefits. Doing so will ensure that you continue to earn retirement service credit during your workers' compensation leave period. Do not wait to apply for a disability annuity until your workers' compensation claim is finalized. Many workers' compensation claims are often settled after covered employment has ended. If your disability claim is denied, the continuance of paying retirement contributions and earning retirement service credit may be important to your long-term retirement plans. Retired members who work for a covered employer are not eligible to apply for a disability retirement annuity.

Effective January 1, 2014, the state's disability standards will be changed to conform to Social Security provisions.

How to Apply

If you meet the disability filing criteria, go to [our website](#) or [contact Customer Services](#) to obtain a disability retirement packet. When you file your disability retirement claim, please complete all of the forms in the disability retirement packet. You do not, however, need to include any medical records from your health care providers. You should file your application for disability retirement as soon as you become disabled. PEBA must receive your disability application within 90 days of the date of termination from your covered employment or you will not be eligible to participate in the disability retirement program.

If you do not receive notification in the mail confirming PEBA's receipt of your application within 10 days after submitting it, please [contact Customer Services](#). If you are eligible for service retirement when you become disabled, you may apply for a service retirement annuity and begin receiving a monthly annuity while awaiting determination of your disability claim. You will receive only one type of payment; therefore, if your disability claim is approved, the service retirement annuity will cease. When filing for both service and disability retirement benefits, please note that your disability retirement application must be received before your service retirement date.

Processing the Claim

Your medical records will be obtained from your health care providers by our disability determination provider and evaluated to determine the severity and limiting effects of your physical or mental impairment. The final determination is made by PEBA. If your claim is denied, you will have an opportunity to appeal the denial. Please allow a minimum of three months after all required documentation has been received from you, your employer, and your health care providers for your disability application to be processed. If you do not receive notification of PEBA's decision within three months, please [contact Customer Services](#).





Effective Date

If your disability retirement claim is approved, the effective date for your annuity will be the 30th day after your application is received by PEBA or the day after your last day on your employer's payroll, whichever is later. A disability annuity, once approved, may be discontinued if:

- You regain a certain earning capacity; or
- Medical evidence indicates that you are no longer disabled; or
- Your disability annuity was not approved following a continuing disability review.

Periodic medical reexaminations may be required up to age 65. If PEBA determines that your disability annuity should cease because of an improvement in your medical condition, your annuity will stop the month of your scheduled continuing disability review or the month of PEBA's decision, whichever is later.

Benefit Payments

A disability applicant has the same payment options as a service retiree (see Page 13). Because PEBA does not determine your disability based on the criteria for a disability that is total and permanent like the Social Security Administration, your disability annuity is considered

to be a normal distribution from your retirement account.

Disability annuities paid by SCRS are based on approval for an occupational or job-related disability. Per Internal Revenue Service (IRS) guidelines, all such annuities are reported as normal distributions with a distribution code of 7 on IRS form 1099-R. For tax information, contact the IRS, the South Carolina Department of Revenue

if you live in South Carolina, and/or a tax advisor. If you also receive benefits from the Social Security Administration that are based on total and permanent disability, such benefits are reported to you with a distribution code of 3 on IRS form 1099-R. If you are considered to be totally and permanently disabled, annuities paid by PEBA may be eligible for additional tax credits. Please refer to the instructions for completing IRS Schedule R when preparing your income tax return.

Returning to Employment While Receiving a Disability Retirement Annuity

If you are under age 65 and receiving an SCRS disability annuity, you should report earnings from any gainful (public or private) employment to PEBA annually because there is an earnings limitation for all employment which is applied on a calendar-year basis. You may earn the difference between your adjusted average final compensation (AFC) at retirement and your disability annuity without affecting your annuity.

Your AFC may be adjusted each year for inflation for earnings limitation purposes only. This increase generally matches the percentage

of the annual increase in the Consumer Price Index for Wage Earners and Clerical Workers (CPI-W). These adjustments affect the amount you can earn while receiving a disability annuity; however, they do not affect the amount of your annuity. You will receive a letter each February advising you of how much you can earn and requesting confirmation of your prior year's earnings. You will have to repay any benefits that you received to which you were not entitled. If you earn more than the difference between your adjusted AFC and your disability annuity, your monthly annuity will be reduced or possibly canceled.

If you return to work with an employer covered by one of the retirement systems administered by PEBA and your annual earnable compensation is equal to or greater than your adjusted AFC, your disability annuity ceases and you must become an active member of the system. After age 65, a disability retiree is subject to the same earnings limitation as a service retiree.