

If You Become Disabled Your Disability Protection

a publication for members of the State of Michigan Defined Benefit Retirement Plan

Your Disability Protection

If you become ill or injured while you are an active state of Michigan employee, and you can no longer work, your retirement plan provides protection for you and your dependents. Disability protection is provided under Public Act 240 of 1943, as amended. Benefits are administered by the Office of Retirement Services (ORS), a division of Michigan's Department of Technology, Management and Budget.

Eligibility Criteria

To qualify for a disability retirement, you must meet all of the following conditions:

- You file an application with ORS within one year of the date of your termination from state employment. This filing deadline can be extended an additional 12 months if the retirement board determines you have shown good cause for not filing within one year. If more than 12 but less

than 24 months have passed since your termination and you believe you have good cause, substantiation for late filing must accompany your application.

- An independent medical advisor certifies that you are *totally* and probably *permanently disabled*. Totally disabled means you are unable to perform the duties of your current position. Permanently disabled means the disability is likely to last your lifetime.
- You must be *vested* to be eligible for a *nonduty disability* (an injury or illness incurred outside of work). In most cases, you are vested when you have the equivalent of 10 years of full-time State of Michigan service.

If you have a *duty disability* (an illness or injury incurred from duties at work), you do not have to be vested to be eligible. A benefit could be payable regardless of how long you have been employed by the state.

Are You Eligible?

If you answer “yes” to all of the requirements listed in the checklist to the right, you may be eligible for a disability retirement. You should read the entire contents of this brochure to fully understand your rights and options. If you answer “no” to any of the requirements, you are not eligible for a disability retirement.

How Pensions Are Calculated

Nonduty disability pension calculations.

A nonduty disability retirement benefit is calculated the same as a regular service retirement. The formula multiplies your *years of service* times 1.5 percent times your *final average compensation* to figure your annual pension amount.

When you apply, you can choose the straight life option, which pays you the most money but does not provide any ongoing benefits to a beneficiary when you die. Or you can elect a survivor option, which pays you less but continues pension and health insurance benefits to your

Eligibility Checklist

Nonduty Disability

- ✓ My disability is total and permanent.
- ✓ It has been one year or less since I was terminated from state employment (unless extenuating circumstances exist).
- ✓ I am vested with the equivalent of 10 years of service credit with the state of Michigan.

Duty Disability

- ✓ My illness or injury was incurred from duties at work.
- ✓ My disability is total and permanent.
- ✓ It has been one year or less since I was terminated from state employment (unless extenuating circumstances exist).
- ✓ My disability occurred before I terminated state employment.

beneficiary upon your death. For more information about your retirement options, download the ORS publication, *Retirement Readiness: A Two-Year Countdown* at www.michigan.gov/orsstatedb.

Duty disability pension calculations.

A duty disability retirement is calculated by multiplying your credited years of service times 1.5 percent times your final average compensation, but not less than \$6,000 per year (\$500 monthly).

When you reach age 60, your duty disability pension is recalculated as a regular service retirement, adding

Our **pension estimate** tool at www.michigan.gov/orsmiaccount can help you **estimate** the monthly **pension** amount you might receive if your disability **application** is approved.

the years you received a duty disability pension to your credited years of service in the pension formula used earlier. If

your new years of service total does not equal at least 10 years, we'll use 10 years of service to calculate your new pension amount. If the recalculated pension amount is less than \$6,000 per year, your annual pension amount will default to \$6,000 (\$500 monthly). The new calculation cannot be more than the amount that, when added to your workers' compensation benefit, exceeded your final earnings with the State of Michigan.

The Application Process

File an application.

Your application for disability retirement must be received within one year from the date of your termination from state employment.

(Again, you may get a 12-month extension if you are able to show good cause.) Any application for disability retirement, regardless of when it is filed, must be for a condition you incurred before your termination from state employment.

Your first step to apply for a disability pension is to contact ORS and request a disability retirement packet. Along with an application form, the packet contains a medical questionnaire and detailed information about insurances and pension options. You must sign the medical release forms that allow an independent medical advisor to

obtain and review the medical records pertaining to the injury or illness that you believe prevents you from working. Once completed, you must send the forms to Disability Determination Services (DDS).

The disability determination.

DDS is part of Michigan's Department of Human Services. DDS assists ORS in the disability application process by collecting and validating forms, obtaining and reviewing medical documentation, and providing expertise in determining medical eligibility to the retirement board.



DDS will ask the medical providers listed on your application to send your medical records directly to DDS for review. An independent medical advisor from DDS will review your medical records and, if necessary, schedule an exam for you with a medical professional.

After the review of the medical records, DDS reports its findings to the State Employees' Retirement Board.

If your application is approved.

If DDS determines your medical condition meets the disability criteria, it will recommend to the retirement board that your application be approved. The information is then reviewed by the State Employees' Retirement Board at a regularly scheduled meeting. If the board agrees with the DDS evaluation, ORS will

notify you of the approval. We will then process your application and insurance enrollments and you will receive your first pension payment four to six weeks after all required information is received. Your first check will include any past due benefits as well.

If the board approves your disability retirement and you have not terminated your employment with the state yet, contact your human resource office immediately so your benefits are not delayed. If you do not terminate employment within 30 days of the board's decision, you may have to reapply.

Be sure to **ask** your human resource office about **other programs** you may be eligible for such as social security disability benefits, workers' compensation, **long-term** disability insurance, and more.

If your application is denied.

If DDS determines that your condition does not meet the medical requirements for a disability pension as defined in the retirement act, you will receive a denial letter. This letter will advise you of your appeal rights and the deadline for filing an appeal.

Be sure to apply for a disability benefit within one year of terminating employment.

What to Expect as a Disability Retiree

Your pension payments.

Before your payments begin, we will send you an award letter that tells you the amount of your pension payment and when you can expect your first check. Pensions are paid on the 25th of each month.

The award letter will include a booklet that tells you more about things like benefit statements, postretirement increases, insurance enrollments, and taxes. It will also tell you when and how to get in touch with ORS after your pension payments begin.

Annual certifications.

As a disability retiree, every year until age 59 you will receive an *Annual Disability Certification (R0089CG)* form that you must complete and return to ORS. This form verifies that you are still unable to work because of a disabling condition.

Medical reexaminations.

The retirement board may require that you have a medical reexamination. If the reexam determines that you are capable of resuming employment and you are restored to active service with the state, your disability benefits will stop.

If you return to work.

If you return to work for the state, either directly or indirectly, your pension will be suspended. You will remain eligible for the health, dental, and vision



insurances with premium subsidies. Please notify ORS in writing if you return to work for the state; we will arrange for

premium billings when you report your employment. If you return to work outside of state employment, there is a limit on how much you can earn without

affecting your pension. As a disability retiree you can earn up to the difference between your final compensation and your annual pension without your pension being reduced. If you earn more than the limit, you will have to repay the excess amount to the retirement system (a dollar-for-dollar reduction in your pension).

We're Here to Help

We hope this brochure helped you understand the disability application process. We realize you have a lot of important decisions to make regarding your future. Don't hesitate to contact us if you have any questions regarding disability or retirement benefits.



Glossary of Terms

Duty Disability: An illness or injury incurred from duties at work.

Nonduty Disability: An injury or illness incurred outside of work, but before terminating employment.

Final Average Compensation: Your highest three consecutive years of compensation are averaged to determine your final average compensation.

Vesting: The guaranteed right to receive a benefit at some point in the future. In most cases, you vest when you have the equivalent of 10 years of full-time state of Michigan service.

Independent Medical Advisor: An independent medical advisor will review your medical records to assist ORS in the medical determination if you file an application for a disability retirement.

Years of Service: Your service credit reflects the years, or fractions of years, you have worked for the state of Michigan. You are credited with a full year if you work 2,080 regular hours; however you may earn no more than one year of credit in any given year.



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Our Office - General Office Building

Office Hours: 8:30 - 5:00

(800) 381-5111 or (517) 322-5103

7150 Harris Dr, Dimondale MI 48821



P.O. Box 30171

Lansing, MI 48909-7671

The intent of this publication is to summarize basic Defined Benefit plan provisions under Michigan's Public Act 240 of 1943, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between this publication and the actual law, the provisions of the law govern. Published by State of Michigan, Department of Technology, Management and Budget, Office of Retirement Services.

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