Disability Retirement Process

Katherine M. Pickar Senior
Benefits & Work-Life Program Manager
Objective

General Review
• Define Disability
• General Eligibility Requirements
• Disability Criteria
• Disability Computation
• Filing an Application
• Roles and Responsibilities
• Approval and Disallowance

Special Topic
• Enhanced Disability and Survivor Annuity Benefit (EDSA)
What is a Disability Retirement

• A disability retirement annuity is a benefit provided to protect an employee who is no longer able to provide useful and efficient service in his or her current grade or pay level because of a medical condition.

Note: Useful and efficient service means fully successful performance of the critical or essential elements of the position or the ability to perform at that level — and satisfactory conduct and attendance.

• Disability retirement should be a last resort and is appropriate only when reasonable efforts to preserve the person's employment have failed.
### Minimum Service Requirements

<table>
<thead>
<tr>
<th>Civil Service Retirement System (CSRS)</th>
<th>Federal Employee Retirement System (FERS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Years of civilian Service</td>
<td>18 months of civilian service</td>
</tr>
<tr>
<td>Must become disabled while serving in a position covered by CSRS</td>
<td>Must become disabled while serving in a position covered by FERS</td>
</tr>
<tr>
<td>CSRS Offset – must apply for Social Security disability benefits and submit proof with application to OPM</td>
<td>Must apply for Social Security and submit proof with application to OPM</td>
</tr>
<tr>
<td>No minimum age (any age)</td>
<td>No minimum age (any age)</td>
</tr>
</tbody>
</table>
Disability Criteria

• The disability must be expected to last at least one year.

• Agency must certify that it is unable to accommodate the disabling medical condition.

• Interested employees must apply before separation from service or within one year thereafter.

Note: time limit can be waived only if mentally incompetent on the date of separation.
Disability Criteria

- A deficiency in service; performance, conduct or attendance must be present.

- A medical condition, defined as a health impairment resulting from a disease or injury, must be documented on application for disability retirement.

- A relationship between the service deficiency and the medical condition clearly documented that the medical condition has caused the service deficiency.

Note: OPM will not pay for any medical examination or procedure needed to provide the necessary documentation.
CSRS Disability Computations

A CSRS disability annuitant receives the **higher** of:

- The amount obtained under the general formula for computing the basic annual annuity (the "earned annuity");

OR

- The "guaranteed minimum" disability annuity, which is the **lesser** of:
  - 40% of the Average Salary
  OR
  - Projected to Age 60 Benefit
FERS Disability Retirement Computations

• The FERS Disability benefit is a three-tiered formula.
  • For disability annuitants under age 62 as of the annuity commencing date:
    • During the first 12 months as a disability annuitant, the benefit is computed as 60% of the average salary less 100% of the Social Security Disability Income (SSDI) benefit.
    • After the first 12 months, the benefit is recomputed as 40% of the average salary less 60% of the SSDI benefit.
    • When the disability annuitant turns 62, the benefit is again recomputed, but under a modified executive formula.
  • But: in any year where the age 62 ("earned" rate) formula is greater than the 60% or 40% rate, OPM will pay the earned rate.
FERS Disability Earned Annuity

If an employee is age 62 or more at retirement and meets age and service requirements for an immediate voluntary retirement they will receive an “earned” annuity.

1% of high-3 average salary for each year of service
• Age 62 or older with less than 20 years of service
  OR
• Under age 62 qualified for an immediate voluntary retirement

1.1% of high-3 average salary for each year of service
• Age 62 or older with 20 or more years of service
Age 62 Re-Computation Formula

If actual service, plus credit for time as a disability annuity equals less than 20 years:

• 1% of your high-3 average salary for each year of service

If actual service, plus credit for time as a disability annuity equals 20 or more years:

• 1.1% of high-3 average salary for each year of service

• Total service used in the computation will be increased by the amount of time you receive a disability annuity.

• Average salary used in the computation will be increased by all FERS cost-of-living increases paid during the time you received a disability annuity.
Cost of Living Adjustments (COLAs)

COLAs are not payable for the first 12 months on disability at the 60% rate. COLAs are payable only after the first 12 months on disability (that is, at the 40% rate) or on the earned rate.

If you are age 62 at retirement or if you meet the age and service requirements for an immediate FERS annuity, all COLAs occurring after the commencing date of retirement are payable.

A COLA is only payable if the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increases. Sometimes (such as from 2009-2010 and 2015), there is no COLA payable.
Filing an Application

Who may file an application?
• Employee
• Immediate family members
• Court-appointed guardians or personal representatives
• Agency

Where to File an Application?
• On agency rolls - the application is filed through the agency to OPM
• Separated for more than 31 days, employee applies directly to OPM
Submitting an Application

CSRS and FERS employees must complete and file an application for an immediate retirement using:

- SF2801 (CSRS) or SF3107 (FERS); and
- All: SF 3112 Parts A-E, Supplement
  - 3112A – Applicant’s Statement
  - 3112B – Supervisors Statement
  - 3112C – Physician’s Statement
  - 3122D – Certification of Reassignment and Accommodation Efforts
  - 3112E – Checklist
TIPS for Submitting an Application

Agencies are encouraged to review potential applications of current employees carefully

Make sure:
• Medical documentation is complete - must be dated, signed and on physician’s letterhead
• Medical documentation contains specific information to show why the applicant is not able to perform his or her duties and how long restrictions will last
• Medical reports provide specific information
• All referenced enclosures are included in the package
• Agency physician recommendations (if made) are well documented
TIPS for Submitting an Application

• Agency certification of accommodation and assignment efforts is complete
• Supervisory statements agree with statements regarding accommodation and reassignment efforts
• For FERS, Certified Summary of Service shows dates employee was on LWOP for OWCP (under P.L. 108-92)
• All fields on application are completed in full:
  • Must indicate disability application in Section A
  • Workers’ compensation question in Section C of 2801/ Sect F of 3107 must be answered and Schedule C attached, if applicable
  • Survivor election in Section F and D respectively, must be indicated, regardless of marital status
  • Spousal consent must be provided when married applicant elects less than full survivor annuity
  • Election on the application must agree with the spousal consent
  • Court Order question 2 in Section E and C, respectively, must be answered
Important Note

For OPM to make a determination as to the employee's capability to meet the demands of his or her current job or any available vacant job and the potential risks associated with his or her continued employment, the following must be submitted with the retirement application:

- Employee's position description,
- Performance standards,
- Critical elements
- Latest performance appraisal
Responsibility

**Employee**
- Completes documents
- Undergoes medical examinations
- Provides proof
- Meets timeliness deadlines

**Agency**
- Assists employee and ensure application is complete
- Provide annuity estimate
- Sends packages to OPM

**OPM**
- Determines if disabled
- Adjudicates claim and Authorizes annuity payments
Preliminary Application Process

• Retirement Operations Center (ROC) receives preliminary application package and creates case file
• Disability Branch reviews application to determine if applicant is disabled:

  ➢ When required, disability specialist may need to develop package for additional medical documentation, supervisor statement, etc.
  ➢ Notifies applicant and agency of decision
Approval and Disallowance of Disability Retirement Applications
Agency Actions Upon Approval

• The agency must file a notice of allowance in the Official Personnel Folder

• Separate employee:
  ➢ Usually by the end of the pay period in which approval received
  ➢ Can elect to separate after sick leave expires, but no later than the end of the pay period in which approval is received.

• Send final SF 2806/3107 and other supporting documents to ROC
Approved Application Process

Disability Branch receives final Individual Retirement Record (IRR) and associated documents and authorizes interim pay

• Claims Group 1 (Washington, DC) reviews package for completeness. When required, develops the package for missing retirement and insurance information

When claim is complete, authorize regular disability annuity payments.
Disallowed Application Process

• Disability Branch notifies applicant and agency of specific basis for disallowance and provides reconsideration rights (Employee has 30 days to respond before decision is final).

• Reconsideration Branch reviews request and affirms or reverses initial decision

Appeal Avenues:
• Merit Systems Protection Board (MSPB) (within 35 days after agency’s final decision)
• U.S. Court of Appeals for Federal Circuit
Post Retirement Actions

Once approved, disability annuity continues unless:
• Medical recovery finding is made
  ➢ Medical finding prior to age 60 or by annuitant Request
  ➢ Annuity terminates 1 year from date of examination

• Restoration to earning capacity
  ➢ Earn 80% of current salary of position retired in calendar year, prior to age 60
  ➢ Annuity terminates 6 months after the year the restoration determination is made for
Special Topic:
Enhanced Disability and Survivor Annuity (EDSA)
Special Retirement Disability Benefits

Reminder

CSRS and FERS Disability annuities for individuals who performed service in enhanced positions such as law enforcement officers, firefighters, nuclear materials courier, air traffic controllers, Capitol Police, Customs and Border Protection (CBP) officers, or Supreme Court Police will be credited at the higher service factor for that service, up to 20 years of service.

CSRS – 2.5% (CSRS ATCs get 50% of the average salary for the guaranteed minimum)

FERS – 1.7% (up to 20 years; over 20 is 1%; FERS ATCs get unlimited 1.7%)

The agency must certify all such creditable service.
Summary

1. Identified minimum service requirement for Disability "Retirement" under CSRS/FERS
2. Identified the elements required for a Disability Retirement package.
3. Discussed the impact of reemployment on a Disability Annuity.
References

- CSRS/FERS Handbook Chapter 60 (Disability Retirement)
- CSRS/FERS Handbook Chapter 61 (Computation of Disability Retirement Benefits)
- BAL 10-105 (Sample Calculations for 6c Disability Annuitants)
- RI 83-4 (Disability Retirement Under the Civil Service Retirement System)
- RI 98-2 (Information for Disability Annuitants (FERS))
- United States Code: 5 U.S.C. 8337 (CSRS) and 5 U.S.C. 8451-8456 (FERS)
Any Questions?