

Disability Benefits for Special Service Members

Protection Against the Unexpected



I **PERS**

Working Today for Your Tomorrow

The IPERS Plan provides important protection for members and their families when a member is injured or becomes ill. Disability benefits provide a lifetime, monthly benefit payable before IPERS retirement benefits would normally begin and without reduction for early retirement.

This booklet summarizes the disability benefits available to Special Service members, compares the differences between the types of disability benefits available to Special Service members, and explains the disability benefits application process.



Clay Smith, Iowa Department of Natural Resources

The woodlands and forests of Iowa's parks and preserves add beauty while filtering our water, cleaning our air, and providing essential habitat for birds and animals. Pictured Rocks Park, in eastern Iowa, gets its name from nearby cliffs and caves carved by the Maquoketa River.

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ABOUT SPECIAL SERVICE MEMBERS

IPERS members include Special Service and regular members. Special Service members include sheriffs, deputy sheriffs, and members in other protection occupations. Given the physical demands of Special Service members' jobs, their careers tend to be shorter. There are some differences between the benefits provided to Special Service members and regular members.

Special Service members have a choice between two types of disability benefits:

- Special Service disability benefits.
- Regular disability benefits.

SPECIAL SERVICE DISABILITY BENEFITS

Eligibility

To be eligible for Special Service disability benefits, you must meet all of these conditions:

- Terminate employment with all IPERS employers.
- Apply for benefits within 1 year after terminating employment.
- Complete a medical exam by the Medical Board of the University of Iowa. (This requirement can be waived by IPERS.)

Once you have been awarded Special Service disability benefits, you may have to undergo an annual reexamination to determine if your disability still exists.

Benefit Amount

Upon your request, you will receive an estimate of your potential Special Service disability benefits. The amount of those benefits depends on whether IPERS determines your disability to be an ordinary disability or an in-service disability. You may receive up to 6 months of retroactive payments for the time when IPERS is determining whether you have a disability, but when you have not yet begun receiving Special Service disability benefits. You choose how you want your benefit to be paid to you from various benefit payment options. See the “For Members Retiring” brochure for more information about available forms of payment.

Ordinary Disability

An ordinary disability means a permanent disability, resulting in mental or physical incapacity that stops you from performing the assigned duties of your job. An ordinary disability does not occur on the job.

Annual ordinary disability benefits equal one of the following:

- 50 percent of your highest 3-year average salary.
- The amount of retirement benefits earned at the time of your disability.



Special Service Disability Amount

The amount of your Special Service disability benefit is based on whether you have an ordinary or in-service disability. If you are receiving other disability benefits, your Special Service disability benefits will be reduced by the amount of the other benefits.

In-Service Disability

An in-service disability means a total and permanent incapacity resulting from an on-the-job injury, disease, or exposure that occurred at a specific time and place and prevents you from performing your job.

Annual in-service disability benefits equal one of the following, whichever is more:

- 60 percent of your highest 3-year average salary.
- The amount of the retirement benefit you earned at the time of your disability, without reduction for retiring before normal retirement age.

Benefit Offsets

Your Special Service disability benefits may be offset, or reduced, by other disability-related payments you receive for the same disability, including benefits from:

- Social Security.
- Long-term disability insurance.
- Workers' compensation.
- Unemployment insurance.
- Employer-paid disability plans, programs, or policies.
- Other laws.

If you receive these other disability-related payments as a lump-sum payment, IPERS will calculate a monthly benefit offset.

You will need to provide complete copies of your state and federal tax returns annually. IPERS reviews these returns to determine if offsets apply to your Special Service disability benefits based on the income you declared on the tax returns. If you cannot provide proof of your earnings, your disability benefits will be suspended.

If You Return to Work After Benefits Begin

If you return to IPERS-covered employment after beginning to receive Special Service disability benefits, benefits will stop immediately. If you return to non-IPERS-covered employment, benefits may be reduced according to a formula that includes earnings adjusted for health care coverage for you and your dependents.

REGULAR DISABILITY BENEFITS

Eligibility

To qualify for regular disability benefits, you must meet all of the following conditions:

- Be vested (have 4 years of service or reach age 55 while in active employment).
- Apply for benefits. You must indicate on your application for IPERS retirement benefits that you are retiring due to a disability.
- Be receiving federal social security or railroad retirement disability benefits.
- Have ended all IPERS-covered employment.



Benefit Amount

Regular disability benefits equal the amount of the retirement benefit you earned at the time of your termination, without reduction for retiring before normal retirement age. Please note that you may receive up to 36 months of retroactive payments, if eligible. You choose how you want your benefit paid to you from various benefit payment options. See the “For Members Retiring” brochure for more information about how IPERS retirement benefits are calculated and available forms of payment.

If You Return to Work After Benefits Begin

If you return to work after you begin receiving regular disability benefits from IPERS, your benefits are affected by your age, where you work, and how much you earn.

Working for a Non-IPERS-Covered Employer

If you return to work with an employer that is not covered by IPERS, your IPERS regular disability benefits are not affected.



What Is a Bona Fide Retirement?

To have a bona fide retirement, you must meet all of the following conditions:

- Apply for and begin receiving monthly benefit payments.
- Terminate employment with all IPERS-covered employers, including noncovered service with covered employers.
- Remain unemployed with all IPERS-covered employers for 1 month, and not work in covered employment for 3 additional months.

The bona fide retirement period begins with your first month of entitlement for retirement benefits as approved by IPERS.

Working for an IPERS-Covered Employer

If you return to IPERS-covered employment after you begin receiving regular disability benefits from IPERS, your benefits may be suspended. How your benefits are affected differs based on your age and whether you have completed a bona fide retirement before returning to work.

After Completing a Bona Fide Retirement*

Under age 55	Your benefits will be suspended.
55 up to 65	Your benefit payments will continue and are subject to the IPERS earnings limitation.
65 or older	Your benefit payments will continue but will no longer be subject to the IPERS earnings limitation.

Without Completing a Bona Fide Retirement

All ages	Benefits stop. You must repay all benefit payments made to you.
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*If you are a sheriff or deputy sheriff who has at least 22 years of service and has retired under IPERS' regular disability program, your benefits will be suspended if you return to IPERS-covered employment and are under:

- Age 51 effective July 1, 2007.
- Age 50 effective July 1, 2008.

COMPARING DISABILITY BENEFIT OPTIONS

If you are eligible for Special Service disability benefits and regular disability benefits, the information in this section is designed to help you evaluate your options and choose the type of disability benefit that is right for you. Special Service representatives are also available to answer your questions and help you make an informed choice based on your personal situation.

	Regular Disability Benefits
Provides benefits for a work-related disability	Yes
Provides benefits for a non-work-related disability	Yes
Eligibility	<ul style="list-style-type: none"> • Stop working in IPERS-covered employment • Be vested • Indicate on your application for benefits that you are retiring due to a disability • Be receiving social security or railroad retirement disability benefits
Taxability of benefits	Taxable
Retroactive payments	Up to 36 months
Benefit offset (reduction) for receipt of other disability-related payments	No

Special Service Disability Benefits

Yes

Yes

- Stop working in IPERS-covered employment
- Be vested
- Apply for benefits within 1 year after terminating IPERS-covered employment
- Complete a medical exam by the Medical Board of the University of Iowa (this requirement can be waived by IPERS)

- Ordinary Special Service disability benefits are taxable
- In-service Special Service disability benefits are usually nontaxable unless you choose benefit payment Option 2 (annuity with variable decreasing lump sum)

Up to 6 months

Yes

Taxability

Special Service disability benefits and regular disability benefits are taxed differently. Special Service disability benefits are nontaxable, provided that:

- You have been awarded in-service disability benefits
- You do not choose benefit payment Option 2 (annuity with variable decreasing lump sum)

Members with a substantial amount of service credit may find that the regular retirement or regular disability benefits, although taxable, provide the larger net amount. Death benefits payable to your beneficiary(ies) will receive the same tax treatment as the benefits you were receiving.

Retroactive Payments

Members who retire with Special Service disability benefits may qualify for up to 6 months of retroactive benefits. However, members who retire with regular disability benefits may qualify for up to 36 months of retroactive disability benefits.

Benefit Offsets

Special Service disability benefits are subject to an offset, or reduction, for other disability-related payments you are receiving for the same disability. See page 4 for more information. Regular disability benefits are not subject to offsets.

Converting Special Service Disability Benefits to Regular Disability Benefits

If you retire with Special Service disability benefits and later qualify for social security or railroad retirement disability benefits, you have 60 days to convert your Special Service disability benefits to regular disability benefits. Since you cannot switch back to Special Service disability benefits at a later date, make sure switching to regular disability benefits is the right choice for you before submitting an application to switch benefits. A member who retires under regular disability benefits does not have the ability to switch to Special Service disability benefits. See page 14 for more information.

APPLYING FOR BENEFITS

To begin the disability benefits application process, call IPERS. A Special Service representative will help you determine whether you should apply for Special Service disability benefits or regular disability benefits. Here are the steps to apply for benefits.

Call IPERS at 515-281-0020 or toll-free at 1-800-622-3849 to start the disability benefits application process. A Special Service representative will ask you questions to determine the type of disability benefits you may be eligible to receive.

Regular Disability Benefits

Step 1: Complete an *Application for IPERS Retirement Benefits*. Be sure to complete the section “Disability Retirement.” You must indicate on the application that you are applying for regular disability benefits.

Step 2: Indicate that you have applied for or have been awarded social security or railroad retirement disability benefits, even if the disability award is still pending.

Step 3: With your application, provide a photocopy of the letter of award indicating your first month of entitlement for social security or railroad retirement disability benefits. If the social security or railroad retirement disability award is still pending, provide IPERS with the letter of award as soon as possible. In some cases, you can begin drawing IPERS retirement payments before your disability benefit is awarded.

Step 4: Send your completed application and all supporting documentation to IPERS.

Special Service Disability Benefits

Step 1: Complete an *Application for IPERS Special Service Disability Benefits*. There are 3 sections to the application:

- General information about yourself.
- Information about your disability and medical questions.
- Questions your employer must answer.

Step 2: Send IPERS your completed application. To expedite processing, send all completed sections of the application in one envelope. IPERS cannot begin processing your application until all information has been received.

Step 3: IPERS reviews your application and then sends it to the Medical Board of the University of Iowa.

Step 4: You may undergo an exam with 3 physicians from the Medical Board. Exams take place in Iowa City. You will receive reimbursement for food, travel, and lodging expenses. Contact IPERS for current reimbursement rates.

Step 5: After 10 days, the Medical Board provides IPERS with a letter stating whether or not they believe you can perform your job duties.

Step 6: IPERS sends you and your employer a letter stating the opinion of the Medical Board.

Step 7: You have 10 days from the date on the letter from IPERS to provide more information, if necessary. IPERS then determines eligibility for benefits and the type of disability (ordinary or in-service), and notifies you of the determination.

Step 8: If you are receiving any other disability-related payments, you must complete a form indicating the type and amount of other disability benefits you are receiving. Your IPERS benefits may be offset, or reduced, by the other benefits you are receiving.

SWITCHING FROM SPECIAL SERVICE DISABILITY BENEFITS TO REGULAR DISABILITY BENEFITS

If you are receiving Special Service disability benefits and are awarded social security or railroad retirement disability benefits, you have the option of switching your Special Service disability benefits to regular disability benefits. Please note that you must apply for regular disability benefits within 60 days from the date you receive the social security disability or railroad retirement disability award letter.

When considering switching benefits you should:

1. Weigh your options carefully. Once you switch from Special Service disability benefits to regular disability benefits, you cannot switch back to Special Service disability benefits at a later date.
2. Call IPERS at 515-281-0020 or toll-free at 1-800-622-3849 to request an estimate showing the regular disability benefits you may be eligible to receive. At that time, you should also request an *Application to Change IPERS Special Service Disability Benefits to Regular Disability Benefits*.
3. Complete the entire application and have the last page notarized. If you are married, you will also need your spouse's notarized signature. Be sure to provide a copy of your social security disability benefits or railroad retirement disability benefits award letter.
4. Send your completed application and supporting documentation to IPERS. An incomplete application will be returned to you and may cause a delay or loss of benefits.



Important

This booklet briefly explains certain rights and benefits of IPERS membership. It is not a substitute for federal and state laws governing IPERS, which provide complete information and are subject to change. Although IPERS makes every attempt to ensure its materials are accurate and up to date, any conflict between the contents of the booklet and law must be resolved in favor of the law. The Member Handbook provides a more detailed description of IPERS benefits. It is available electronically on the IPERS Web site or in print by contacting IPERS.

CONTACT US

We're here to help you! If you have questions about IPERS, please don't hesitate to contact us.



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