

REAPPLICATION PROCESS

- There are no changes to the reapplication process for a duty disability benefit. There will be no additional cost for the member nor is the use of an attorney necessary.
- The Bill codifies the process so that duty disability members know exactly when they must reapply.
- Currently, duty disability members must prove they remain disabled each year for the first five years after commencement of a duty disability benefit and every three years thereafter. The Bill adds this currently existing process to the statute. In the reapplication process, duty disability members only submit one supporting medical report.
- The Bill continues the requirement that a member provides evidence that they remain disabled if they are denied and file an appeal. Denials and appeals are very rare.
- The disability statute does not currently provide a procedure for waiving the reapplication process, but PERA does waive reapplication in cases where the member's physician does not anticipate improvement, the medical records support that there will be no improvement, and our medical consultant recommends a waiver. In the Bill, the waiver process is added to the statute so it will be clear that PERA may grant a waiver if our medical advisor states in writing that no improvement can be expected in the person's disabling condition.
- The reapplication process ceases when a member commences a retirement benefit.
- Continuation of coverage includes continuation of benefits (subject to offsets) and 299A health coverage, if applicable.
- The reapplication process applies to all disability benefits granted from PERA.

POLICE & FIRE DUTY DISABILITY BENEFITS

- Workers' compensation benefits will no longer offset duty disability benefits.
- If a member has no reemployment earnings, there will be no change to their duty disability benefit.
- If a member is receiving a duty disability benefit and has reemployment earnings, the current benefit offsets will be replaced with the following two offsets (see *Duty Disability Offset Example* on back page):
 - » Offset #1 is a reduction to the duty disability benefit equal to one dollar for each dollar of reemployment earnings until the offset amount is equal to 11.8% of the average salary used to determine their disability benefit (11.8% is the current active member contribution rate).
 - » Offset #2 is a reduction to the duty disability benefit equal to one dollar for each dollar that the sum of the duty disability benefit plus reemployment earnings exceed 100% of an active member's salary in a similar position.
- The minimum benefit remains the member's duty disability benefit. The offsets can never reduce a member's total compensation (duty disability benefit + reemployment earnings) below their disability benefit.
- The purpose for the offset changes are to make total compensation for disability recipients who return to work (income = disability benefit + reemployment earnings) comparable to compensation for active members (income = salary - PERA contributions).
- The net impact of the offsets ensures that duty disability recipients will have income no less than 60% of their average salary (the duty disability benefit) and no more than 100% of an active member's salary in a similar position.
- The duty disability benefit offsets cease when a member commences a retirement benefit.
- Duty disability benefits will remain non-taxable per federal law even after the member transitions from a duty disability benefit to a retirement annuity beginning in 2027.

DUTY DISABILITY OFFSET EXAMPLE

Currently if a Police & Fire member with an average salary of \$100,000 goes on duty disability, the disability benefit would be 60% of average salary (or more if they have over 20 years of service).

Suppose they then get another non-public safety job and earn \$50,000. Under current law, no offsets apply because the total benefit (\$60,000) plus reemployment earnings (\$50,000) is less than 125% of average salary for a member in a comparable position (\$125,000).

The proposed change would have two offsets:

- » Offset #1 would be \$11,800 (the current member contribution rate times \$100,000).
- » Offset #2 would be \$10,000 (\$110,000 - \$100,000).

The net result is the duty disability benefit would be $\$60,000 - \$11,800 - \$10,000 = \$38,200$. Together with reemployment earnings, the total would be \$88,200 (\$38,200 plus \$50,000).

Note: This is the same amount of an active member's \$100,000 salary less their \$11,800 member contribution to PERA.

PLEASE DIRECT QUESTIONS TO:

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