

Disability Retirement Benefits



PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI

Welcome

As your career progresses, so do your financial obligations: a home, a family, and children's education. One of the many advantages of membership in the Public Education Employee Retirement System of Missouri (PEERS) is the financial security provided by PEERS disability benefits. If your career is cut short because of permanent disability, PEERS can often help through the payment of monthly disability benefits.

Eligibility

If you develop an illness or sustain an injury that prevents you from earning a livelihood in any gainful occupation, you may be eligible for PEERS disability benefits. The cause of your disability does not have to be work-related.

To be eligible for disability retirement benefits you must meet the following requirements:

- End all PEERS-covered employment
- Have at least five years of PEERS-covered employment
- Be under age 60
- Become permanently disabled while working in PEERS-covered employment or within one year after, if the condition causing the disability began while you were employed
- Be incapable of earning a livelihood in any gainful occupation. A gainful occupation is one that replaces not less than 75% of the average of your last three years of salary and is reasonably found in your geographic area as established by the U.S. Bureau of Labor Statistics.

Ending all employment with PEERS-covered employers and the inability to earn a livelihood in any gainful occupation are some of the prerequisites for approval of a *Disability Retirement Application*.

Temporary or partial disability benefits are not available.

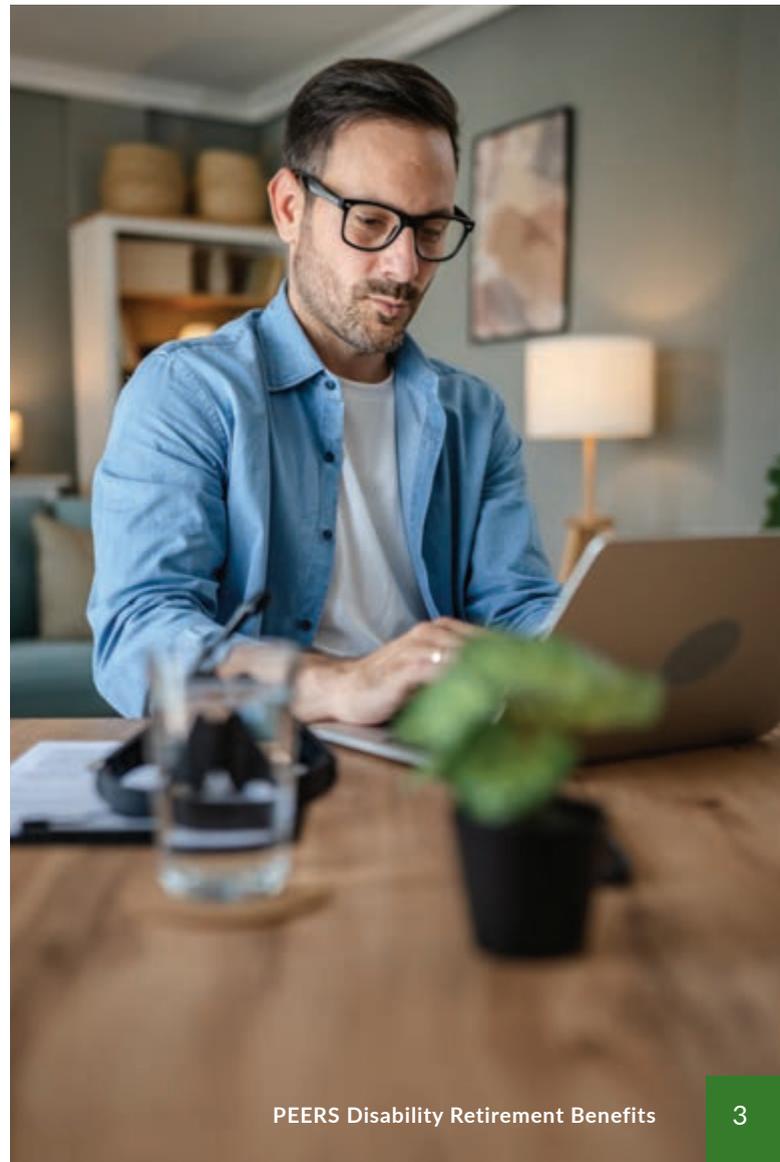
If you believe you may be eligible for disability benefits, contact PEERS for a *Disability Benefit Estimate* and *Disability Retirement Application* packet.



Filing your *Disability Retirement Application*

If you become disabled, file the ***Disability Retirement Application*** and related forms as soon as it is determined that the disability will result in the termination of your employment.

If you are eligible, disability retirement can be made retroactive up to 60 days prior to the date you file your application. But disability retirement cannot become effective until your paid employment or leave of absence ends. If you complete the school year and earn a full year of service, the earliest your retirement can be effective is July 1.





Steps to File for Disability Benefits

You must complete the following steps before your retirement date. Failure to do so may jeopardize your disability retirement benefits.

Step 1

Request a **Disability Retirement Application** packet from PEERS.

Step 2

Complete and return the following to PEERS:

1. **Disability Retirement Application**
2. **Authorization for Release of Medical Records**
3. **Attending Physician Statement(s)** and medical records
4. **Direct Deposit Authorization for Monthly Benefits** form
5. Tax withholding form(s)

Medical Records Requirements

When you file your **Disability Retirement Application**, we also need medical records information. In order to ensure your medical file is as thorough as possible, please provide the following medical records from your providers:

- Initial consultation, history and physical exam for the conditions alleged to be disabling
- The last five to six office notes from any physician treating for the alleged disabling diagnoses
- The last six to 12 months of diagnostic testing including x-rays, MRIs and labs
- A current, comprehensive list of medications
- If surgeries have taken place, any operative reports and surgical follow up notes for the past 12 months

It is your responsibility to obtain, pay for and provide your medical records to PEERS.

Once we have received your completed documents, the **Attending Physician Statement** and medical records, we will submit your claim to our medical advisor for review. Our medical advisor will be in contact with you once

they review your documents and advise you if additional medical records are needed to complete the review.

Step 3

Submit a photocopy of your birth certificate issued by the city, county or state in which you were born. This is required before disability retirement benefits can be issued.

If your birth was recorded in Missouri, you may request a birth certificate using an application found at: <https://health.mo.gov> or by contacting:

Bureau of Vital Records
Missouri Department of Health and Senior Services
912 Wildwood
PO Box 570
Jefferson City, MO 65102
Phone: (573) 751-6387

A fee is required for each certificate requested.

If you were born in another state, information on how to obtain a certified birth certificate can be found by visiting www.vitalchek.com.

If a birth certificate is not available, you may submit three other forms of verification. Acceptable documents must show your date of birth or your age as of a certain date.

Contact PEERS for a list of acceptable documents.

Acknowledgement of Your Disability Retirement Application

PEERS will acknowledge your **Disability Retirement Application**. Please call us if you do not receive acknowledgement of your application.

In some cases, the processing of your application may include additional steps and take longer. If your application is not approved based on the information initially provided, you will be given the opportunity to be referred for up to two independent medical exams and/or a vocational review, that will be set up by our medical advisor and paid for by PEERS, for continued consideration for disability retirement benefits.



How Much are PEERS Disability Benefits?

Your disability retirement benefits are 90% of the normal (full) service retirement benefits you would be eligible to receive based on your current salaries and years of service.

You will receive a personalized **Disability Benefit Estimate** with your application packet.

Payment of Your Disability Benefits

PEERS disability retirement benefits are paid by direct deposit on the last working day of the month beginning with the month your retirement becomes effective. For example, if you retire effective July 1, you will receive your first benefit payment on the last working day of July.

A schedule of deposit dates can be found on our website.

Cost-of-Living Adjustments (COLAs)

You are eligible for cost-of-living adjustments (COLAs) on your monthly disability retirement benefits beginning the fourth January following your retirement date.

COLAs are set annually by the PSRS/PEERS Board of Trustees and are effective with the January benefit paid on the last working day of January.

The process for setting COLAs is governed by Missouri law, but gives the Board of Trustees some discretion. Factors evaluated by the Board when setting the COLA include:

- Changes in the cost of living reflected by the Consumer Price Index for Urban Consumers (CPI-U) for the preceding fiscal year
- The recommendation of the PSRS/PEERS' actuary

Current Missouri law states that COLAs cannot exceed 5% per year, and the total dollar amount of the COLA increases in your lifetime cannot exceed 80% of your original monthly disability retirement benefit. For example, if your initial benefit amount is \$500 per month, the most you can receive in total lifetime benefit increases from COLAs is \$400 per month.

COLAs are Compounded

The first COLA granted is based on your original benefit amount. Subsequent COLAs are calculated by multiplying your monthly benefit (at the time of the COLA) by the percentage of the COLA. The result over time is a compounding effect that causes the overall percent increase in your monthly benefit to be higher than the percentage you get by simply adding up the COLAs you have received over time.

Income Taxes

Once receiving disability benefits, we will send you an IRS Form 1099-R each calendar year indicating your total benefits for the year, the taxable portion of those benefits, the tax-free amount recovered in the year, if any, and the amount of tax withheld.

PEERS staff does not offer individual tax advice. Questions concerning taxes should be directed to a tax professional or the appropriate taxing agency.

Federal Income Tax

Under the Internal Revenue Code (IRC), disability retirement benefits are fully taxable beginning with the first payment, unless you are eligible for PEERS service retirement.

At minimum service retirement age, the IRC provides that any previously taxed contributions can be excluded from taxable income with a small portion of each monthly benefit considered a return of those previously taxed contributions. PEERS will provide this information to you with your **Disability Benefit Estimate**.

Unless you request otherwise, we are required to withhold federal income tax from the taxable portion of each monthly benefit in excess of a specific amount set by the

IRS each year. If the taxable portion of your benefit is less than that amount, no tax will be withheld unless you tell us to do so. You can also choose not to have any federal taxes withheld from your monthly benefit.

If you need tax advice, contact a tax professional or the IRS at **(800) 829-1040**.

Missouri Income Tax

According to the Missouri Department of Revenue, the portion of your PEERS benefits subject to federal tax is also subject to Missouri tax, if you are a Missouri resident.

We will withhold Missouri income tax from your benefit if you live in Missouri and authorize us to do so.

Missouri Public Pension Exemption

Depending on a variety of factors, PEERS benefit recipients may be able to deduct up to 100% of their PEERS benefits on their Missouri income tax return.

The total public pension exemption is limited to the maximum Social Security benefit of each individual.

Starting with the 2024 tax year, the exemption is no longer limited by your filing status or Missouri adjusted gross income.

This exemption first became available in 2007 and was phased in over several years, reaching 100% for tax year 2012 and subsequent tax years.

Missouri also offers a similar exemption for private pensions and Social Security benefits. However, the qualifications for both of these exemptions vary from the public pension exemption. If you also qualify for a Social Security exemption, it may impact your public pension exemption.

Eligibility depends on a variety of factors for any of the exemptions discussed above. Visit www.dor.mo.gov for more information regarding eligibility. You may also contact the Missouri Department of Revenue at **(573) 751-3505**, email income@dor.mo.gov or consult a tax professional for more information.

Events that Cause Disability Benefits to Stop



You are eligible for disability benefits for life as long as you meet annual earned income, medical certification and employment requirements.

Annual Income Verification

Disability retirees under the age of 60 are required to complete an annual **Affidavit of Earned Income** to determine continued eligibility for disability benefits. If an affidavit shows that you have earned in excess of the substantial gainful activity limit for non-blind Social Security Disability Insurance (SSDI) benefits, which is set by the Social Security Administration, your benefits will be suspended and a recovery may be necessary.

Medical Certification

Disability retirees under the age of 60 may be required to complete a **Medical Certification of Disability Status** to determine continued eligibility for disability benefits. PEERS may request a follow-up physical examination. In some cases, disability benefits may be suspended.

Post-Disability Retirement Employment Limits

Employment as a disability retiree is limited. If you exceed the limits that apply to you, your benefits will be suspended.

Prior to reaching age 60, you cannot:

- Earn in excess of the substantial gainful activity limit for non-blind Social Security Disability Insurance (SSDI) benefits, which is set by the Social Security Administration

Upon reaching age 60, you cannot:

- Return to full-time PEERS-covered employment
- Exceed the limit on part-time or temporary-substitute post-retirement employment with PEERS-covered employers as discussed on page 12

Recovery from Disability

If you recover from your disability before age 60, your monthly benefits stop and your PEERS salaries and service as of the date of the disability are restored.

If you return to PEERS-covered employment prior to age 60, you will make contributions to PEERS and you will earn additional service toward future service retirement benefits.

If you receive disability retirement benefits in excess of your accumulated contributions and interest, the contributions you make upon your return to covered employment are first applied against the difference and are not credited to your membership.

Once PEERS has recovered this amount, your contributions are once again credited to your membership. If you do not return to PEERS-covered employment, you can request service retirement benefits when you are eligible.

The amount of your contributions and interest has no impact on the amount of any future retirement benefits for which you are eligible.

If you recover from your disability at age 60 or older, there is no effect on your benefits. Your benefits continue for your lifetime unless you exceed the limit on hours you can work after retirement or return to work full-time for a PEERS-covered employer. For more information, see the following section.

Working After Disability Retirement

For PEERS disability retirees, the effect of your post-retirement work on your disability retirement benefits depends on whether you have reached age 60.

Returning To Work Prior to Age 60

Before age 60, your disability retirement benefits stop if:

- You earn in excess of the substantial gainful activity limit for non-blind Social Security Disability Insurance (SSDI) benefits, which is set by the Social Security Administration.

- **You return to work on a trial basis** prior to age 60. Your benefits are put on hold during the trial return to work period (see the following section).

You can work after disability retirement before age 60 without effect on your disability benefits only if:

- Your total annual salary and other income received is less than the substantial gainful activity limit for non-blind Social Security Disability Insurance (SSDI) benefits, which is set by the Social Security Administration.

If you exceed the limit, your benefits will be suspended and a recovery may be necessary.

Trial Return to Work Prior to Age 60

You can request to return to work on a trial basis prior to age 60. A trial return to work must be approved in advance by PEERS, and is normally for a school year or 12-month calendar year. While you work on a trial basis, your disability benefits are put on hold. If you work for a PEERS-covered employer on a trial basis, you will make contributions to PEERS on your salary and earn service.

If you are unable to complete the full trial period, PEERS will request a medical examination to determine your disability status. If that examination confirms that you are still considered disabled, you can resume receipt of your disability retirement benefits, effective the month after the end of your trial employment, or on July 1 if you receive a full year of service. Your contributions are refunded to you and the service is forfeited. If you successfully complete the trial return to work period, contact PEERS to determine the status of your membership.

Returning to Work At or After Age 60

Once you reach age 60, you can work for any employer that is **not covered by PEERS** with no effect on your PEERS benefits, regardless of hours worked or salary earned. If you are self-employed as a consultant or independent contractor (as defined by the IRS) after retirement this also has no effect on your benefits.

If you work for a PEERS-covered employer at or after age 60, you are limited to working a maximum of 550 hours per school year.

If you exceed the hourly limit, you must repay to PEERS the amount earned in excess of the limit, or the entire amount of your monthly benefit for any month during which the limit was exceeded, *whichever is less*.

PEERS-covered employers include:

- Public school districts in Missouri, **except** the St. Louis (city) and Kansas City public school districts
- Public two-year colleges in Missouri, **except** St. Louis Community College
- Statewide non-profit educational associations that have elected to join

The working after retirement limit is detailed on our website, www.psr-peers.org, in the PEERS brochure entitled, ***Working After Retirement***, and in your PEERS ***Member Handbook***.

Don't jeopardize your benefits! If you are considering a return to work for a PEERS-covered employer, please contact PEERS if you have any questions.



Other Post-Disability Retirement Considerations

Keeping Your Beneficiary Designations Up-to-Date

To ensure benefits are paid according to your wishes, and to provide your family with the best financial protection, it is important to designate your beneficiaries properly and keep them updated as life-changing events occur.

You can name as your beneficiary:

- An individual
- A legal entity such as a church, school or organization
- Your estate
- A legally established trust

Marriage, divorce, birth or adoption of a child automatically voids your beneficiary designation. Until you file a new beneficiary form with PEERS, Missouri law determines your beneficiaries. In the case of a divorce, your divorce decree may require you to re-designate your ex-spouse as your beneficiary.

Please refer to the PEERS ***Member Handbook*** or call our office for additional information on designating beneficiaries.

Visit www.psr-peers.org and log in to Web Member Services to view or change your current beneficiary designation. You can also change your beneficiary designation by completing a ***Disability Retirement Beneficiary Designation*** form available on our website or by contacting our office.



Health Insurance

Missouri law gives you the option to participate in your employer's health insurance plan after disability retirement, as long as you elect to do so within one year from the date you were last employed. Consult with your last employer for specific information about the health insurance coverage available. PEERS has no role in administering or enforcing this state law.

We understand it can be difficult to know what questions to ask your employer about health insurance. To help you get started, we have developed a list of the questions we are most often asked, and that we recommend you ask your employer.

1. Are there any requirements I must meet in order to continue health insurance coverage through my employer after I retire?
2. Do I have to be on the employer's health insurance plan for a certain period of time before retirement to be eligible to retain the health insurance?
3. Can I get coverage for my spouse or dependent children?
4. Will my spouse be able to receive insurance through the employer after my death?
5. How long does the coverage continue?
6. Will I be able to receive supplemental insurance from my employer if I am eligible for Medicare?
7. How will Medicare affect the employer's health insurance? Which will be considered primary?
8. If my employer changes health insurance providers, does the new provider have to continue my coverage?

Social Security

If you are, or will be, receiving Social Security benefits, those benefits should not be reduced by your PEERS benefit. Your PEERS benefit will not be reduced because of any other pension. If you have questions, contact the Social Security Administration at **(800) 772-1213**, or refer to the Social Security website, **www.socialsecurity.gov**.



Medicare

If you are a U.S. citizen or a lawfully admitted alien who has lived in the U.S. for at least five years, you can receive Medicare benefits at age 65.

Important notes regarding Medicare:

- Specific enrollment periods exist.
- If you do not enroll when first eligible, you may pay higher premiums at a later date.
- If you are eligible for Medicare and choose not to enroll because you have coverage through a private insurance group, your insurance may not cover any expenses that Medicare would have paid.

There are four parts to Medicare. You can choose to participate in any or all parts.

- Medicare Part A, Hospital Insurance, pays for inpatient hospital expenses, hospice care and skilled home health services for home bound patients, and helps with short-term, inpatient care in skilled nursing facilities if the patient is there for rehabilitation.
- Medicare Part B, Medical Insurance, helps pay for doctors' services, outpatient hospital care and some medical equipment and supplies.
- Medicare Part C, Medicare Advantage Plans, are private plans that include emergency and urgent care.
- Medicare Part D provides prescription drug coverage.

Please contact Missouri SHIP, the Missouri State Health Insurance Assistance Program, at **(800) 390-3330** or visit their website **www.missouriship.org** for specific information about your entitlement to Medicare benefits.



What Happens Upon Your Death

It is important to share information with your family regarding your benefits, and what they may be entitled to receive from PEERS as your beneficiaries. PEERS can provide financial protection for your loved ones after you are gone, depending on your beneficiary designation and membership status.

As a disability retiree, your beneficiaries may be entitled to a lump-sum payment of your contributions and interest, or monthly survivor benefits from PEERS.

Your beneficiary may be eligible for **one** of the following types of PEERS survivor benefits:

- A lump-sum survivor benefit consisting of any remaining contributions and interest in your membership at the time of your death.
- Monthly retirement-based survivor benefits may be payable to a sole beneficiary with an insurable interest in your life. A spouse, child or parent is automatically eligible. Any other designated individual can also qualify by providing documentation showing he or she is financially dependent on you. These benefits are calculated under the Joint-and-Survivor 100% benefit plan, and are based on your salaries and service earned with PEERS. Monthly benefits can begin immediately or could be delayed based on when you would have become eligible for PEERS service retirement.

Monthly survivor benefits are not payable if you name a trust, estate or multiple beneficiaries.



Frequently Asked Questions

Q. Do I have to resign from my job before filing the Disability Retirement Application?

A. No, you can file your application before your resignation date.

Q. Will you contact my employer when I file the Disability Retirement Application?

A. No. PEERS only contacts the employer once the **Disability Retirement Application** is approved.

Q. Can volunteering as part of a retirement incentive or other agreement in exchange for salary or other benefits affect my disability benefits?

A. Yes. For a period of one month from your PEERS retirement date, you cannot be under a written or unwritten agreement for employment at a PEERS-covered employer in any capacity. This includes retirement incentives or separation agreements that require you to work or volunteer in any capacity after retirement in return for salary (including paid health insurance benefits). If you are under either a written or unwritten agreement for future employment, you are not considered to have properly terminated your employment and are not eligible to receive PEERS benefits.

Q. I am eligible for long-term disability insurance benefits. Will that affect my disability retirement or vice versa?

A. Eligibility for long-term disability insurance benefits does not affect your PEERS disability retirement benefits. However, your PEERS disability retirement benefits can cause reductions in other benefits you are eligible to receive. We recommend that you contact any other entities from which you may receive benefits for more information on how they may be affected.

Q. What is a Durable Power of Attorney and why would I use one?

A. A Durable Power of Attorney is a legal document, which is useful in the event you become unable to manage your financial affairs. Such a document allows you to delegate to a trusted family member or friend the authority to make decisions and sign necessary documents pertaining to your benefits. You should consult with your personal attorney regarding any legal documents.



Legal Disclaimer

This booklet explains your rights, benefits and responsibilities as a member of the Public Education Employee Retirement System of Missouri (PEERS). It is intended to serve as a ready source of information about the System and not as a legal document or a substitute for the law. If differences appear between the law and the booklet, the law must prevail.

The System is governed by the laws found in Chapter 169, *Revised Statutes of Missouri* and the *Missouri Code of State Regulations (CSR)* Title 16, Division 10.

Similarly, the law takes precedence over any oral statements made by a representative of PEERS regarding your rights, benefits and responsibilities as a PEERS member.

For further information, please refer to the PEERS *Member Handbook*, contact us at our office or visit us online.



PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI

PO Box 268
Jefferson City, MO 65102-0268

3210 W. Truman Blvd.
Jefferson City, MO 65109

(573) 634-5290 or
toll free (800) 392-6848

Email: psrspeers@psrspeers.org

Website: www.psrs-peers.org

