

Disability Retirement Benefits



PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI

Welcome

One of the many advantages of membership in the Public Education Employee Retirement System of Missouri (PEERS) is the financial protection it offers if you become permanently disabled. If a disability ends your career early, PEERS may be able to help by providing monthly disability payments.

Eligibility

If you have a medical condition or injury that prevents you from working, you may be eligible for PEERS disability benefits. The cause of your disability does not have to be work-related.

To qualify, you must meet all these requirements:

- You must stop working in all employment covered by PEERS.
- You must have worked in PEERS-covered employment for at least five years.
- You must be under age 60.
- You must become permanently disabled while working in PEERS-covered employment — or within one year after leaving, if the condition started while you were still working.
- You must be unable to earn a living in any job that:
 - Pays at least 75% of the average of your last three years of salary, and
 - Is reasonably available in your area, based on data from the U.S. Bureau of Labor Statistics.

You must meet all these conditions to be eligible for disability retirement benefits from PEERS.

PEERS does not offer benefits for temporary or partial disabilities.

If you think you might qualify for disability retirement, contact PEERS for a **Disability Benefit Estimate** and **Disability Retirement Application** packet.



Filing Your **Disability Retirement Application**

If you become permanently disabled and your condition will end your employment, you should submit your **Disability Retirement Application** and related forms as soon as possible.

If you qualify, your disability retirement can be made retroactive up to 60 days before the date you file your application. However, your retirement cannot begin 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 start is July 1.



Steps to File for Disability Benefits

You must complete the following steps before your retirement date. If you do not, you may lose eligibility for disability retirement benefits.

Request an Application Packet

Contact PEERS to request a **Disability Retirement Application** packet. This packet includes all the forms and instructions you will need.

Gather Medical Records

You are responsible for collecting and paying for your medical records. To ensure your file is complete, please include:

- Initial consultation, history, and physical exam for any conditions you report to be disabling
- The last five to six office visit notes from any physician treating these conditions
- Diagnostic test results from the past six to 12 months (e.g. X-rays, MRIs, lab work)
- A current, comprehensive list of medications
- Operative reports and follow-up notes from any surgeries in the past 12 months

Submit Required Documents

Complete and return the following to PEERS:

- **Disability Retirement Application**
- **Authorization for Release of Medical Records**
- **Attending Physician Statement(s)** and related medical records
- **Direct Deposit Authorization for Monthly Benefits** form
- Tax withholding form(s)

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 will advise you if additional medical records are needed to complete the review.

Submit Proof of Birth

Before PEERS can begin paying your disability retirement benefits, you must provide a photocopy of your birth certificate issued by the city, county, or state where you were born.

Birth Certificate

- **If you were born in Missouri:**

You can request a certified copy of your birth certificate from your local health department or by visiting **health.mo.gov** or by contacting:

Bureau of Vital Records

Missouri Department of Health and Senior Services
930 Wildwood Drive
Jefferson City, MO 65109
(573) 751-6387

Note: A fee is required for each certificate requested

- **If you were born in another state:**

Visit **www.vitalchek.com** for instructions on how to request a certified birth certificate.

Birth Certificate Unavailable

If you cannot obtain a birth certificate, you may submit one of the following documents instead:

- Current REAL ID driver's license
- Current passport
- Certificate of Naturalization

If you cannot obtain a birth certificate or one of the above documents, you may submit three documents instead. Each of the three documents must contain either your date of birth or age as of a certain date, with at least one containing your date of birth. Please contact our office if you have questions regarding the documents you wish to submit. Examples of acceptable documents include:

- Non-REAL ID driver's license
- Hospital birth record
- Military records
- Identification cards that contain the date of birth or age as of a certain date, issued by a government agency (i.e. state-issued ID for non-drivers)
- Birth certificate of a child on which the parent's (your) date of birth or age is indicated. (This must be a document issued by the city, county, or state of birth on which the official seal of the issuing agency is affixed. A photocopy is acceptable.)
- Statement issued by the Social Security Administration that shows date of birth or age as of a certain date. A Social Security card does *not* contain date of birth or age.

Note: Any original documents will be returned to you after we have updated our records. Photocopies will not be returned.





What to Expect After You Apply

Once PEERS receives your **Disability Retirement Application**, we will send you an acknowledgment to confirm it has been received.

If you don't receive an acknowledgment shortly after submitting your application, please contact PEERS.

Additional Review May Be Required

In some cases, your application may take longer to process if more information is needed. If your application is not approved based on the initial documentation, you may still be considered for benefits through additional steps.

You may be referred for:

- Up to two independent medical examinations, and/or
- A vocational review

These evaluations will be arranged by PEERS' medical advisor and paid for by PEERS.

How Much Will You Receive?

If you qualify for disability retirement, your monthly benefit will be 90% of the amount you would receive under normal (full) service retirement, based on your current salary and years of service.

When you request a **Disability Retirement Application** packet, PEERS will also send a personalized **Disability Benefit Estimate** to help you understand your potential monthly benefit.

When and How Benefits Are Paid

- **Payment Method:** Benefits are paid by direct deposit.
- **Payment Schedule:** Payments are made on the last working day of each month, starting the month your retirement becomes effective.

You can find a full schedule of deposit dates on the PEERS website.

Example

If your retirement is effective July 1, your first payment will be deposited on the last working day of July.



Cost-of-Living Adjustments (COLAs)

You will be eligible for annual COLAs starting in the fourth January after your retirement date.

- COLAs are determined each year by the PSRS/PEERS Board of Trustees.
- They are effective with the January benefit payment, issued on the last working day of January.
- Missouri law governs the process for setting COLAs and gives the Board of Trustees some discretion. The Board considers several factors when setting the COLA, including:
 - Changes in the Consumer Price Index for Urban Consumers (CPI-U) over the previous fiscal year
 - Recommendations from the PSRS/PEERS actuary

COLA Limits Under Missouri Law

- The maximum COLA you can receive in any one year is 5%.
- Over your lifetime, the total increase from COLAs cannot exceed 80% of your original monthly benefit.

Example

If your initial benefit is \$500/month, the most you can receive in total COLA increases is \$400/month.

How COLAs Are Calculated

COLAs are compounded, meaning:

- Your first COLA is based on your original benefit amount.
- Future COLAs are calculated using your current monthly benefit, not the original amount.
- This compounding effect means your benefit can grow more over time than if you simply added up each year's COLA percentage.



Income Taxes on Disability Retirement Benefits

Annual Tax Statement

Each year, PEERS will send you an *IRS Form 1099-R*, which shows:

- Your total disability benefits for the year
- The taxable portion of those benefits
- The tax-free amount recovered, if any
- The amount of tax withheld

Note: PEERS cannot provide personal tax advice. For help, contact a tax professional or the appropriate taxing agency.

Federal Income Tax

Under IRS rules, disability retirement benefits are fully taxable from the first payment unless you qualify for service retirement.

Once you reach the minimum service retirement age, a portion of your benefit may be considered a return of previously taxed contributions, which is not taxable. PEERS will include this information in your ***Disability Benefit Estimate***.

Tax Withholding

- PEERS is required to withhold federal income tax from the taxable portion of your benefit if it exceeds a certain IRS threshold.
- If your benefit is below that threshold, no tax will be withheld unless you request it.
- You may also choose not to have any federal tax withheld.

Missouri State Income Tax

If you are a Missouri resident, the portion of your PEERS benefit that is taxable at the federal level is also subject to Missouri income tax.

- PEERS can withhold Missouri state tax if you authorize it.

Missouri Public Pension Exemption

You may be eligible to deduct up to 100% of your PEERS benefits on your Missouri income tax return.

- As of 2024, this exemption is no longer limited by your income or filing status.
- The total exemption is capped at the maximum Social Security benefit for each individual.
- Missouri also offers similar exemptions for private pensions and Social Security benefits, but the rules for those may differ. If you also qualify for a Social Security exemption, it may impact your public pension exemption.

To learn more or check your eligibility, contact the:

Missouri Department of Revenue
(573) 751-3505
income@dor.mo.gov
www.dor.mo.gov

Or, consult a tax professional for help.



When Disability Benefits May Stop

You can continue receiving PEERS disability retirement benefits for life, as long as you meet certain income, medical, and employment requirements. Below are the main reasons your benefits could be suspended or ended.



Annual Income Limits

If you are under age 60, you must complete an **Affidavit of Earned Income** and provide supporting income documentation (such as W-2s or pay stubs) each year to confirm your continued eligibility.

- If your earnings exceed the Substantial Gainful Activity (SGA) limit for non-blind Social Security Disability Insurance (SSDI) benefits – a limit set by the Social Security Administration – then your benefits will be suspended and you may be required to repay benefits already received.

Medical Certification

PEERS may require your doctor to complete a **Medical Certification of Disability Status** to confirm that you are still eligible for benefits.

- You may also be asked to undergo a follow-up physical exam.
- If you do not meet the medical requirements, your benefits may be suspended.

Employment Restrictions

Your ability to work while receiving disability benefits is limited, and the rules change once you reach age 60.

Before Age 60:

- You cannot earn more than the SGA limit for non-blind SSDI benefits in any job, regardless of whether it is PEERS-covered or not.

At Age 60 and Beyond:

- You cannot return to full-time PEERS-covered employment.
- You must stay within the limits for part-time or temporary-substitute work with PEERS-covered employers. (See the **PEERS Member Handbook** for details.)



What Happens If You Recover from Your Disability

If You Recover Before Age 60

- Your monthly disability benefits will stop.
- Your PEERS salaries and service as of the date your disability began will be restored.

If You Return to PEERS-Covered Employment:

- You will resume making contributions to PEERS.
- You will begin earning additional service toward future retirement benefits.

Important Note About Contributions

If you received more in disability benefits than the total of your own contributions and interest:

- Your new contributions will first be used to repay the difference.
- These contributions will not be credited to your membership until the full amount is repaid.
- Once the repayment is complete, your contributions will again count toward your membership.

If You Do Not Return to PEERS-Covered Employment:

- You may apply for service retirement benefits when you become eligible.

The amount of your past contributions and interest does not affect the amount of any future retirement benefits you may receive.

If You Recover at Age 60 or Older

- Your disability benefits will continue for life, unless:
 - You exceed the post-retirement employment limits, or
 - You return to full-time work for a PEERS-covered employer.



Working After Disability Retirement

Whether you can work after retiring with disability benefits depends on your age and the type of work you do.

Before Age 60

If you are under age 60, your disability benefits will be suspended if:

- You earn more than the Substantial Gainful Activity (SGA) limit for non-blind Social Security Disability Insurance (SSDI) benefits.
- You return to work on a trial basis (explained below).

You may continue working without affecting your benefits only if:

- Your total annual income stays below the SGA limit for non-blind SSDI benefits.

If your income exceeds the limit, your benefits will stop and you may be required to repay benefits received during that time.

Trial Return to Work (Before Age 60)

You may request to return to work on a trial basis, typically for a school year or 12-month period. This must be approved in advance by PEERS.

- While working on a trial basis, your disability benefits are paused.
- If you work for a PEERS-covered employer, you will:
 - Make contributions to PEERS
 - Earn service during the trial period

If you are unable to complete the full trial period, PEERS will request a medical exam to reassess your disability status.

- If you are still considered disabled, your benefits will resume:
 - The month after your trial employment ends, or
 - On July 1 if you earned a full year of service.
- Your contributions during the trial period will be refunded, and the service will be forfeited.

If you successfully complete the trial period, contact PEERS to determine your membership status and next steps.

At or After Age 60

Once you reach age 60, the rules change:

- You may work for any non-PEERS-covered employer or be self-employed (e.g., as a consultant or independent contractor) without affecting your benefits, regardless of hours or income.

However, if you work for a PEERS-covered employer, you are limited to:

- 550 hours per school year, unless working under Critical Shortage Employment or the temporary waiver for substitute teachers

If you exceed the limit, you must repay either:

- The amount you earned over the limit, or
- The full amount of your monthly benefit for each month the limit was exceeded — whichever is less

PEERS-covered employers include:

- Public school districts in Missouri, except the St. Louis (city) and the Kansas City public school districts
- Public two-year colleges in Missouri
- Certain statewide nonprofit educational associations that have elected to participate

For full details, see the ***Working After PEERS Retirement*** brochure or your ***PEERS Member Handbook***.

Need Help? Don't risk losing your benefits. If you're considering returning to work for a PEERS-covered employer, contact PEERS first to make sure you understand the rules.



Other Important Considerations After Disability Retirement

Keep Your Beneficiary Information Up to Date

To make sure your benefits are distributed according to your wishes, it's important to review and update your beneficiary designations, especially after major life events like marriage, divorce, or the birth or adoption of a child.

You can name as your beneficiary:

- An individual
- A legal entity (e.g., a church, school, or nonprofit)
- Your estate
- A legally established trust

Important: Marriage, divorce, or the birth/adoption of a child automatically voids your previous beneficiary designation. Until you file a new form, Missouri law will determine your beneficiaries. In some cases, a divorce decree may require you to re-designate your ex-spouse.

To view or update your beneficiary:

- Log in to Web Member Services at <https://wms.psrs-peers.org>
- Or complete a ***Disability Retirement Beneficiary Designation*** form, available online or by contacting PEERS

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

Health Insurance After Retirement

Under Missouri law, you may be eligible to continue your employer's health insurance after disability retirement, but you must elect to do so within one year of your last day of employment.

PEERS does not manage this benefit, so you'll need to contact your former employer for details. To help guide your conversation, consider asking:

1. Are there any requirements I must meet to continue coverage?
2. Do I need to be on the plan for a certain period before retirement?
3. Can I cover my spouse or dependents?
4. Will my spouse have coverage after my death?
5. How long will coverage last?
6. Can I receive supplemental insurance if I'm eligible for Medicare?
7. How does Medicare affect this coverage? Which is primary?
8. If the employer changes insurance providers, will my coverage continue?

Social Security Benefits

Your PEERS disability retirement benefits will not reduce your Social Security benefits, and vice versa. If you have questions about Social Security:

- Call the Social Security Administration at **(800) 772-1213**
- Or visit **www.socialsecurity.gov**

Medicare Eligibility

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 may qualify for Medicare at age 65.

Key Points for Medicare Enrollment

- You must enroll during specific enrollment periods.
- Delaying enrollment may result in higher premiums later.
- If you decline Medicare because you have private insurance, that insurance may not cover costs Medicare would have paid.

Understanding the Parts of Medicare

- Part A – Hospital insurance (inpatient care, hospice, some home health, short-term rehab in skilled nursing facilities)
- Part B – Medical insurance (doctor visits, outpatient care, equipment)
- Part C – Medicare Advantage Plans (private plans with additional coverage)
- Part D – Prescription drug coverage

For help understanding your Medicare options, contact:

Missouri SHIP (State Health Insurance Assistance Program)
(800) 390-3330
www.missouriship.org





What Happens Upon Your Death

It's important to talk with your family about your PEERS benefits and what they may be entitled to receive.

Depending on your beneficiary designation and membership status, your beneficiaries may receive:

Lump-Sum Survivor Benefit

- Any remaining contributions and interest in your membership at the time of your death.

Monthly Retirement-Based Survivor Benefits

- May be available to a sole beneficiary with an insurable interest in your life.
 - A spouse, child, or parent qualifies automatically.
 - Other individuals may qualify by showing financial dependence.
- These benefits are paid under the Joint-and-Survivor 100% plan and are based on your PEERS salary and service.
- Monthly payments may begin immediately or be delayed until you would have been eligible for service retirement.

Note: Monthly survivor benefits are not available if your beneficiary is a trust, estate, or multiple individuals.



Frequently Asked Questions

Q: Do I have to resign before applying for disability retirement?

A: No. You can submit your **Disability Retirement Application** before your resignation date.

Q: Will PEERS contact my employer when I apply?

A: No. PEERS will only contact your employer after your application is approved.

Q: Can volunteering as part of a retirement incentive or agreement affect my benefits?

A: Yes. For one full month after your PEERS retirement date, you cannot have any written or unwritten agreement to work or volunteer for a PEERS-covered employer. Prohibited agreements include retirement incentives and separation agreements that require you to work or volunteer in exchange for salary, which includes paid health insurance benefits.

If such an agreement exists, even for future employment, then you have not properly terminated your employment and are not eligible to receive PEERS benefits.

Q: Will long-term disability insurance affect my PEERS benefits?

A: No. Receiving long-term disability insurance does not affect your PEERS disability retirement benefits.

However, your PEERS benefits may reduce other benefits you receive. Contact those providers directly to understand how your PEERS benefits might impact them.

Q: What is a *Durable Power of Attorney*, and why might I need one?

A: A *Durable Power of Attorney* is a legal document that allows you to authorize someone you trust — such as a family member or friend — to manage your financial affairs if you become unable to do so yourself.

This includes making decisions and signing documents related to your PEERS benefits.

You should consult your personal attorney for guidance on setting up this document.

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 will prevail.

The System is governed by the laws found in Chapter 169 of the ***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.



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