

Disability Retirement Guide



Powering Your Future, Together.

Disability retirement is a DERP Plus Benefit designed to provide important protection for you and your loved ones if you become totally and permanently disabled.

The disability retirement benefit provides lifetime monthly income if you meet eligibility requirements and stop working before you reach normal retirement age.

If you're considering applying for a disability benefit, it's important to act quickly and know the qualifications and steps involved.

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How Do I Apply for a Disability Retirement?

When applying for a disability retirement, it's important to understand the steps so you don't miss any key requirements or deadlines, and you know what to expect.

The following is a summary of the steps in the disability retirement process:

1. Submit Official Forms

If you believe you may qualify for a disability retirement, you must submit, and we must receive, the Disability Retirement Application and Authorization to Obtain Information forms as soon as possible, but no later than 90 days following your separation from employment. Visit DERP.org/Forms and click on Active Members.

2. Meet Requirements

After you submit the initial forms, we'll send you an acknowledgement letter including a list of the remaining requirements you need to fulfill to be considered for a disability retirement. All the requirements must be met within three years of your separation from employment.

3. Complete the Retirement Application Package

When you're approved for a disability retirement, we'll contact you to complete your retirement application package. Your disability retirement is effective the first day of the month following your separation from employment. If your first benefit payment is after your effective retirement date, you'll receive a retroactive payment for the months between.

Appeal Denial: If we deny your request for a disability retirement, we'll notify you of the decision and the reason your request was denied. You may petition the executive director for reconsideration of the decision. The petition must be in writing, and we must receive it within 90 days after the denial of benefits.

Your Roadmap to On-the-Job Disability Retirement

How Do I Qualify for an On-the-Job Disability Retirement?

To qualify for an on-the-job disability retirement benefit, you must meet all these requirements within three years of your separation date:

- **Work-related injury or medical condition**
You must be totally and permanently disabled due to a work-related injury or medical condition.
- **Timely Separation**
You must separate from employment due to the work-related injury or medical condition within 24 months of when the injury or medical condition occurred.
- **Employer Certification**
Your employer must certify that you separated from employment due to the work-related injury or medical condition.
- **Initial Forms Within 90 Days of Separation**
You must submit, and we must receive, your Disability Retirement Application and Authorization to Obtain Information forms within 90 days of your separation date.
- **Proof of Liability**
You must submit a copy of your letter of Final Admission of Liability filed by your employer with the State of Colorado.
- **Social Security Approval**
You must qualify for a disability benefit from the Social Security Administration for the same work-related injury or medical condition and provide us with a copy of your Notice of Award letter.

How Is My Benefit Calculated?

Once your on-the-job disability retirement is approved, you're granted additional service credit. The amount of service credit used in the calculation of your on-the-job disability benefit is based on the higher of:

- 20 years of total service credit
- Earned service credit plus 10 years of granted service credit

In either case, the total service credit used in your benefit calculation can't exceed the service you would have earned by working to age 65.

Your on-the-job disability retirement benefit is determined by a formula based on three factors:

1. Your average monthly salary (determined by your membership tier)
2. Your multiplier (determined by your membership tier)
3. Your service credit (earned and granted)

$$\text{Average Monthly Salary} \times \text{Multiplier} \times \text{Service Credit}$$

DERP Plus Benefits: Lump-Sum Death Benefit

Once you're approved for an on-the-job disability retirement benefit, you're eligible to receive another DERP Plus Benefit called the lump-sum death benefit.

The Lump-Sum Death Benefit Is:

- 150% of your annualized average monthly salary, limited to \$50,000
- Reduced to \$5,000 when you reach age 65
- Paid in addition to the monthly disability retirement benefit
- Payable in 50 or 100 equal monthly installments while you're still alive, up to \$5,000
- Payable upon your passing to your beneficiary, or your estate if your beneficiary is no longer living



Want an Estimate?

Email Help@DERP.org to have a disability retirement benefit estimate prepared for you.

Larry's Story

Larry is 40 with four years of service credit when he becomes totally and permanently disabled in a work-related injury. He hasn't vested yet, but that's okay for on-the-job disability. We grant him 16 years of additional service credit to bring the total service used in his benefit calculation to 20 years – as if he'd worked 20 years – giving him a higher monthly benefit.

Larry's Benefit Calculation

Larry's average monthly salary was \$5,000 per month. Since he was hired on or after July 1, 2011, he's in Membership Tier 3, making his multiplier 1.5%. With his 20 years of earned and granted service credit, his benefit calculation looks like this:

$$\$5,000 \times 1.5\% \times 20 = \$1,500$$

Larry will receive a monthly disability retirement benefit of \$1,500 for the rest of his life.

What Did Larry Do?

- Separated from employment within 24 months of his injury
- Submitted, and we received, his Disability Retirement Application and Authorization to Obtain Information forms within 90 days of his separation date
- Submitted a copy of his Social Security Notice of Award letter
- Completed a retirement application package

See How it Works in Our Video

Our Disability Retirement video has easy-to-follow examples to help you understand how a disability retirement works.

Click or scan the QR code to watch.



Taylor's Story

Taylor is 57 with 15 years of service credit and becomes totally and permanently disabled due to a work-related injury. Since Taylor could only have earned eight more years of service credit by working until age 65, we grant eight years and limit it there. This brings the total service credit used in Taylor's benefit calculation to 23 years, giving them a higher monthly benefit.

Taylor's Benefit Calculation

Taylor's average monthly salary was \$5,000 per month. Since they were hired on or after July 1, 2011, they're in Membership Tier 3, making their multiplier 1.5%. With 23 years of earned and granted service credit, Taylor's benefit calculation looks like this:

$$\$5,000 \times 1.5\% \times 23 = \$1,725$$

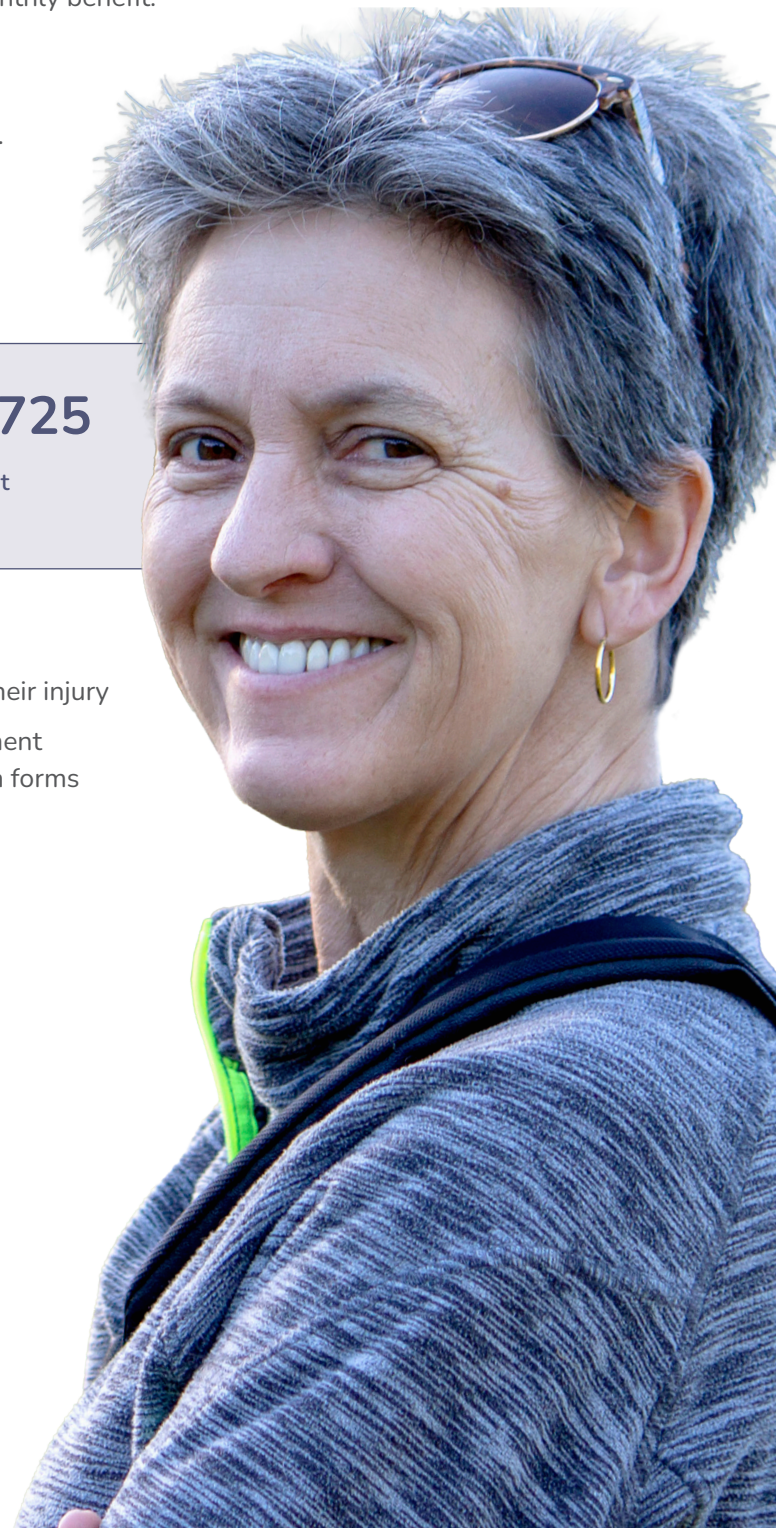
Taylor will receive a monthly disability retirement benefit of \$1,725 for the rest of their life.

What Did Taylor Do?

- Separated from employment within 24 months of their injury
- Submitted, and we received, their Disability Retirement Application and Authorization to Obtain Information forms within 90 days of their separation date
- Submitted a copy of their Social Security Notice of Award letter
- Completed a retirement application package

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Your Roadmap to Off-the-Job Disability Retirement

If you become totally and permanently disabled because of an injury or medical condition not related to or caused by your employment, you may be eligible for an off-the-job disability retirement benefit, as long as you're vested. The main difference between an on-the-job and off-the-job disability retirement is that the benefit in an off-the-job disability retirement is reduced by 25%.

How Do I Qualify for an Off-the-Job Disability Retirement?

To qualify for an off-the-job disability benefit, you must meet all these requirements within three years of your separation date:

- **Vested Status**
You must be vested with at least five years of service credit as of your separation date.
- **Non-Work-Related Injury or Medical Condition**
You must be permanently disabled due to an injury or medical condition not resulting from your employment.
- **Timely Separation**
You must separate from employment due to the injury or medical condition within 24 months of when the injury or medical condition occurred.
- **Employer Certification**
Your employer must certify that you separated from employment due to an injury or medical condition, even though it didn't happen at or because of your employment.
- **Initial Forms Within 90 Days of Separation**
You must submit, and we must receive, the Disability Retirement Application and Authorization to Obtain Information forms within 90 days of your separation date.
- **Social Security Approval**
You must qualify for a disability benefit from the Social Security Administration for the same injury or medical condition and provide us with a copy of your Notice of Award letter.

How Is My Benefit Calculated?

Once your off-the-job disability retirement is approved, you're granted additional service credit. The amount of service credit used in the calculation of your off-the-job disability benefit is the higher of:

- 20 years of total service credit
- Earned service credit plus 10 years of granted service credit

In either case, the service credit used in your benefit calculation can't exceed the service you would have earned by working to age 65.

Your off-the-job disability retirement benefit is determined by a formula based on four factors:

1. Your average monthly salary (determined by your membership tier)
2. Your multiplier (determined by your membership tier)
3. Your service credit (earned plus granted)
4. A reduction of 25%

$$\text{Average Monthly Salary} \times \text{Multiplier} \times \text{Service Credit} \times -25\%$$

DERP Plus Benefits: Lump-Sum Death Benefit

Once you're approved for an off-the-job disability retirement benefit, you're eligible to receive another DERP Plus Benefit called the lump-sum death benefit.

The Lump-Sum Death Benefit Is:

- 150% of your annualized average monthly salary, limited to \$50,000
- Reduced to \$5,000 when you reach age 65
- Paid in addition to the monthly disability retirement benefit
- Payable in 50 or 100 equal monthly installments while you're still alive, up to \$5,000
- Payable upon your passing to your beneficiary, or your estate if your beneficiary is no longer living



Want an Estimate?

Email Help@DERP.org to have a disability retirement benefit estimate prepared for you.

Sam's Story

Sam is 48 years old with 9 years of service credit when she becomes totally and permanently disabled due to an injury that isn't related to her work. We grant her 11 years of additional service credit to bring the total service used in her benefit calculation to 20 years – as if she'd worked 20 years – giving her a higher monthly benefit.

Sam's Benefit Calculation

Since Sam's injury isn't work-related, her monthly disability benefit is reduced by 25%. Even with a reduction, the income from Sam's monthly disability retirement benefit still provides financial stability.

Sam's average monthly salary was \$5,000 a month. Since she was hired on or after July 1, 2011, she's in Membership Tier 3, making her multiplier 1.5%. With 20 years of earned and granted service credit, Sam's benefit calculation looks like this:

$$\$5,000 \times 1.5\% \times 20 = \$1,500$$

$$\$1,500 - 25\% = \$1,125$$

Sam will receive a monthly disability retirement benefit of \$1,125 for the rest of her life.

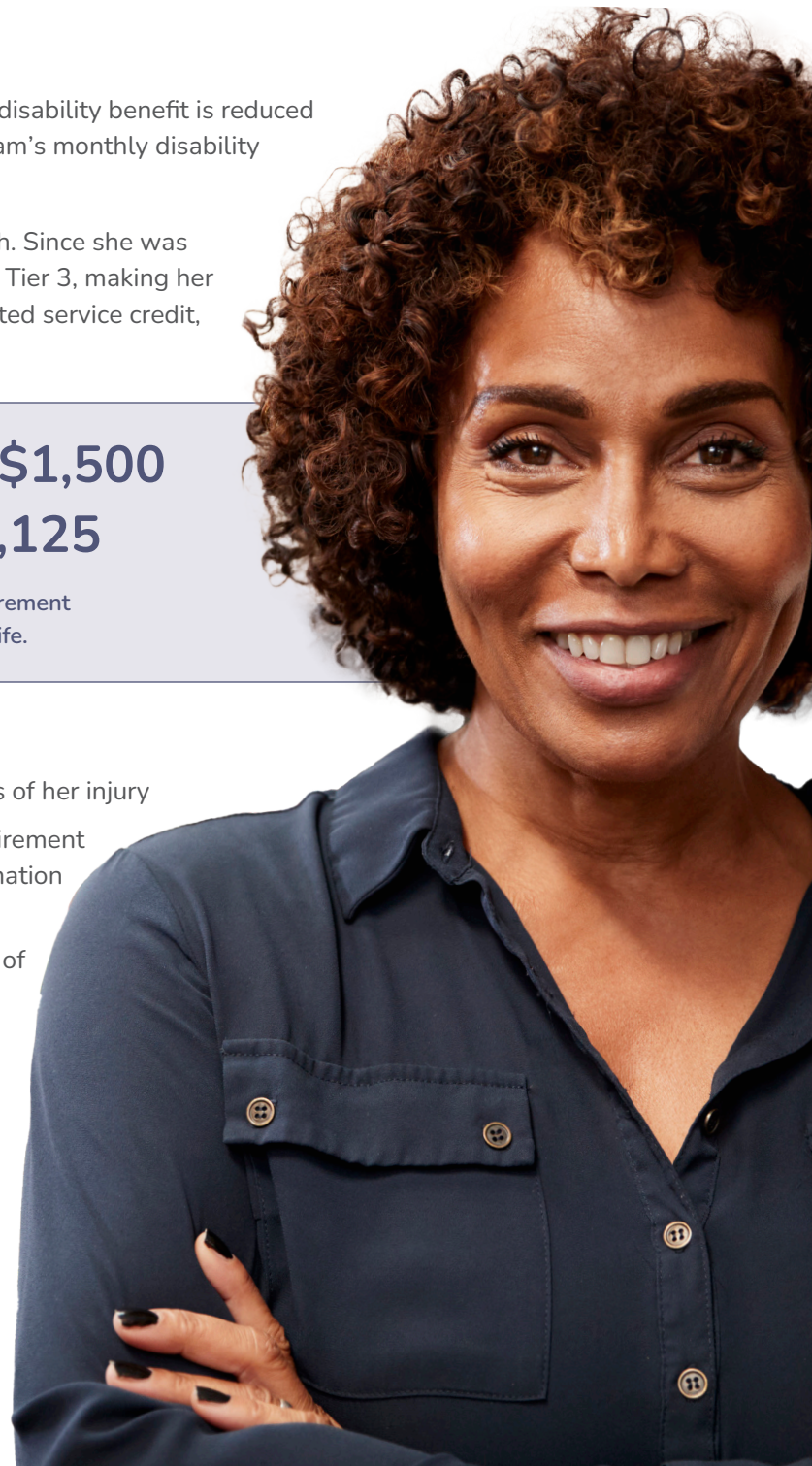
What Did Sam Do?

- Separated from employment within 24 months of her injury
- Submitted, and we received, her Disability Retirement Application and Authorization to Obtain Information forms within 90 days of her separation date
- Submitted a copy of her Social Security Notice of Award letter
- Completed a retirement application package

See How it Works in Our Video



Our Disability Retirement video has easy-to-follow examples to help you understand how a disability retirement works. Click or scan the QR code to watch.



Your Roadmap to Temporary Early Retirement

If you're an active, vested member with five or more years of service credit and are eligible for a DERP Pension Benefit based on your age, a temporary early retirement is available, pending approval or denial of a disability application. This benefit is designed to provide income to you during the process of fulfilling the disability application requirements. Temporary early retirement is limited to three years.

How Do I Qualify for a Temporary Early Retirement?

To qualify for a temporary early retirement benefit, you must be vested (have five or more years of service credit) and meet all these requirements within 30 days of your separation date.

➤ **Vested Status**

You must be vested with at least five years of service credit at the time of separation.

➤ **Minimum Age Requirement**

You must be at least 55 years old (or at least 60 for members hired on or after July 1, 2011).

➤ **Application and Forms Within 30 Days**

You must apply and submit all required documentation for a temporary early retirement within 30 days of your separation from employment.

How Is My Benefit Calculated?

You are paid the monthly benefit you earned while you were an active employee.

Your temporary early retirement benefit is determined by a formula based on three factors:

1. Your average monthly salary (determined by your membership tier)
2. Your multiplier (determined by your membership tier)
3. Your earned service credit

$$\text{Average Monthly Salary} \times \text{Multiplier} \times \text{Service Credit}$$

Your temporary early retirement benefit is reduced if you don't meet the age requirements for a normal retirement.

Once you're approved for a disability retirement, you'll receive a retroactive adjustment reflecting the difference between the disability retirement benefit and the benefit you received under the temporary early retirement.

Email Help@DERP.org to have temporary early retirement and disability retirement benefit estimates prepared for you.

DERP Plus Benefits: Lump-Sum Death Benefit

While receiving a temporary early retirement benefit, you're eligible for a lump-sum death benefit equal to what you're eligible for under an early retirement.

Once You're Approved for a Temporary Early Retirement, the Lump-Sum Death Benefit Is

- Up to \$5,000
- Payable upon your passing to your beneficiary, or your estate if your beneficiary is no longer living

Blake's Story

Blake was 61 with 11 years of service credit when he became totally and permanently disabled in an accident. Blake began the process of meeting the requirements for an off-the-job disability retirement. Because this process can take some time, he applied for a temporary early retirement.

Blake's Benefit Calculation

Blake's benefit calculation is the same as if he had retired early. His average monthly salary is \$5,000 per month. Since he was hired on or after July 1, 2011, he's in Membership Tier 3, making his multiplier 1.5%. When Blake separated from employment, he had 11 years of service credit. His benefit is reduced 6% for each year he is under 65, for a total reduction of 24%, so his benefit calculation looks like this:

$$\$5,000 \times 1.5\% \times 11 = \$825$$

$$\$825 - 24\% = \$627$$

Blake will receive a monthly DERP Pension Benefit of \$627 for the rest of his life, or until he meets the eligibility requirements for an off-the-job disability retirement. When he meets those requirements, his benefit will be recalculated.

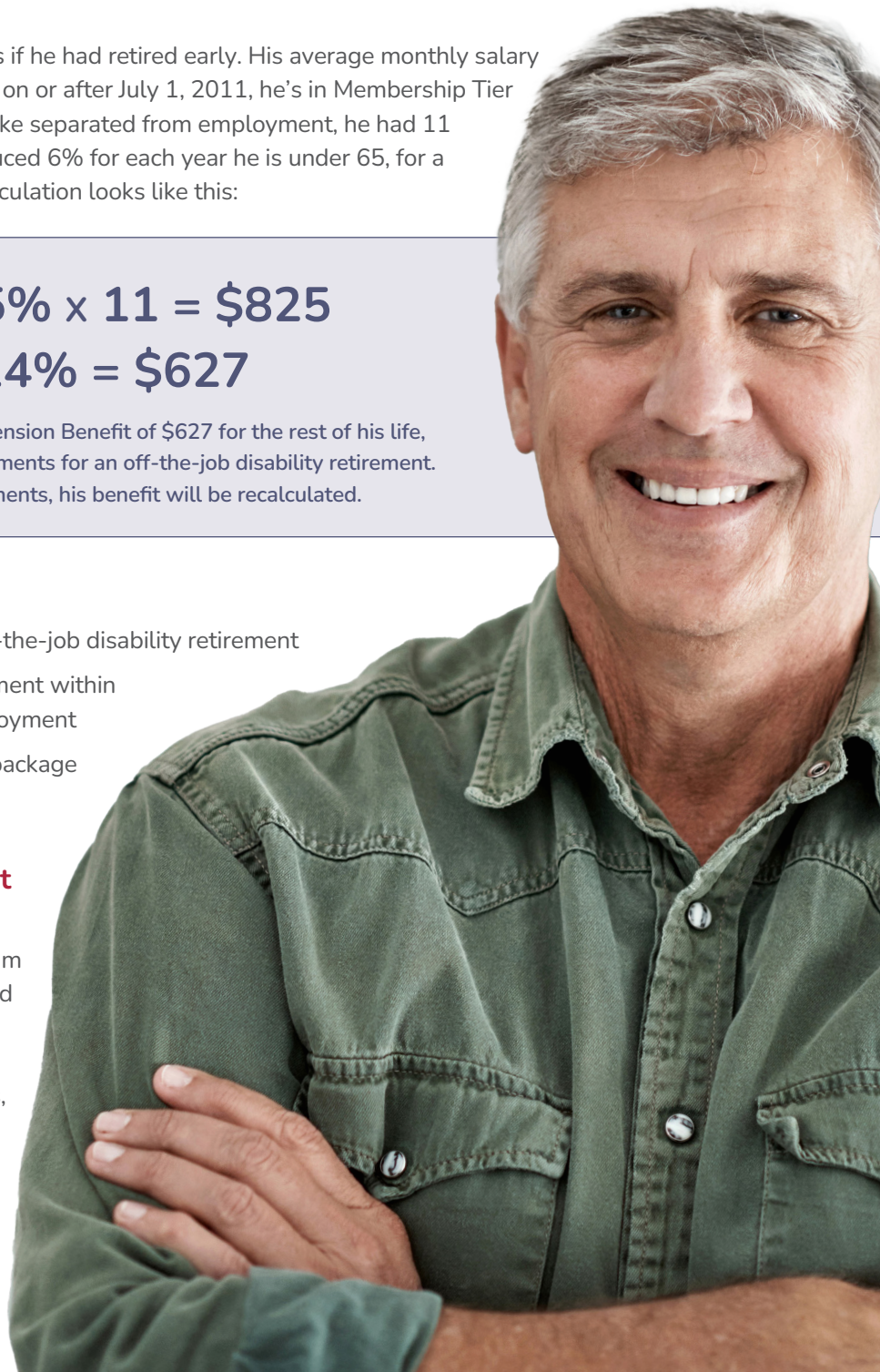
What Did Blake Do?

- Began meeting requirements for off-the-job disability retirement
- Applied for a temporary early retirement within 30 days of his separation from employment
- Submitted a retirement application package



Schedule an Appointment

If you become unable to work because of an injury or medical condition, we're here to support you when you need it the most. Our team of membership services representatives can walk you through the disability retirement process, step by step. Email Help@DERP.org or call (303) 839-5419 to schedule a one-on-one appointment.



Disability Retirement Timeline

Some steps in the disability retirement application process happen before you apply, and some happen after you submit your documents. Knowing the order will help you avoid missed deadlines.

| | |
|--|---|
| Injury or Medical Condition | You become permanently and totally disabled and unable to work due to an illness or medical condition. |
| Within 24 Months of Your Injury Or Medical Condition | You separate from employment due to your injury or medical condition. |
| Within 90 Days of Your Separation From Employment | <p>You submit (and we receive) two DERP documents:</p> <ul style="list-style-type: none"> ➤ Disability Retirement Application ➤ Authorization to Obtain Information |
| Within Three Years of Your Separation From Employment | <p>We contact your employer to verify you separated from employment due to an injury or medical condition.</p> <p>You submit:</p> <ul style="list-style-type: none"> ➤ A copy of your Notice of Award letter from the Social Security Administration ➤ A copy of your Final Admission of Liability filed by your employer with the State of Colorado (for on-the-job disability requests) |
| When You Meet All Eligibility Requirements | <p>We notify you that we've approved you for a disability retirement.</p> <p>You submit:</p> <ul style="list-style-type: none"> ➤ You submit a complete retirement application package. <p>Benefits begin.</p> |

What You Need to Know After You're Approved

Getting approved for a disability retirement is a big milestone, but after approval, there are some things you should keep in mind. Here are some common questions and answers for you to consider when receiving your disability retirement benefit.

Do I Have to Pay Taxes on my Disability Retirement Benefit?

- Your disability retirement benefit is considered taxable income, subject to federal and state income tax, reported to the IRS and the Colorado Department of Revenue.
- We can withhold federal and Colorado state taxes from your benefit.
- We can't withhold taxes for any other state.
- We can't provide tax counseling. Consult your personal tax advisor, the IRS, or the Colorado Department of Revenue for any tax-related questions.

Can I Purchase Health Insurance for Myself and My Qualified Dependents?

- We offer you and your qualified dependents access to health insurance so you can continue to safeguard your family.
- Health insurance includes medical plus prescription drug, dental, and vision plans.
- You may enroll in one or all three types of coverage.
- Coverage begins once you're approved for a disability retirement and submit your retirement application package.

What Do I Need to Do to Maintain My Eligibility?

Your disability retirement is based upon your inability to perform any regular and substantial gainful employment. You must notify us if you become reemployed at any time and generate income at or above the substantial gainful activity amount as defined by the Social Security Administration. At that time, you'll no longer be eligible to receive a disability retirement benefit from DERP.

To Maintain Your Eligibility to Receive a Disability Retirement Benefit, You Must

- Continue to be eligible for a disability benefit from the Social Security Administration
- Provide us a copy of your Social Security Benefit Verification Letter each year until you reach your full Social Security retirement age

Disclaimer

The DERP Disability Retirement Guide is intended primarily for the members of the Denver Employees Retirement Plan (DERP) to provide a general overview. DERP is governed by the Revised Municipal Code of the City and County of Denver, as well as the Internal Revenue Code and its rules and regulations. The information contained in this guide can't be relied on as legal authority. In all cases, the provisions of the governing laws, rules, and regulations will apply.



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