

DISABILITY RETIREMENT BENEFITS



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The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services or employment. If you are speech, hearing or visually impaired and need assistance, call toll free at 1-877-533-5020 or 608-266-3285 (local Madison). We will try to find another way to get the information to you in a usable form.

ETF has made every effort to ensure that this brochure is current and accurate. However, changes in the law or processes since the last revision to this brochure may mean that some details are not current. The most current version of this document can be found at etf.wi.gov. Please contact ETF if you have any questions about a topic in this brochure.

General Information

What is a Disability Retirement Annuity Benefit?

A disability retirement annuity is an “early retirement” benefit under the Wisconsin Retirement System and is meant to provide you with income if you become disabled and are unable to work until your normal retirement age. Disability retirement is administered by the Department of Employee Trust Funds and is governed by Wis. Stat. § 40.63.

Eligibility

You must meet all of the conditions below in order to be eligible to apply for disability retirement benefits.

- You must not have reached the Normal Retirement Age (NRA) for your employment category. (See chart at right.)
Exception: Protective occupation participants may apply for disability retirement “special” benefits up until they reach age 55. (See *Special Eligibility-Protective Occupation Participant Employees* on page 3.)
- You have stopped working (i.e. on a leave of absence or terminated* your WRS employment) because of your disability, and you have not had “substantial gainful activity” since then.
- You have been working in WRS-covered employment continuously since October 15, 1992 until you became disabled.¹
- You worked at least one-half of a year in five of the last seven years or have a total of at least five years of creditable service in the last seven years. If you do not meet this service requirement, but your disability is work related, you must apply within two years of your last day worked.²
- You must not be entitled to any further earnings from your employer. Any payment to which you may be entitled after your last day of work (such as vacation, compensatory time, sick leave, etc.) is used in determining the last day for which you were paid.

For additional information about substantial gainful activity, see earnings limit information under the “Disability Benefits” section on the members tab of the ETF website at etf.wi.gov.

Employment Category	Normal Retirement Age
Protective Occupation Employees with at least 25 years of creditable service	53
Protective Occupation Employees with less than 25 years of creditable service	54
Executive Retirement Plan Employees and Elected Officials	62 ³
General Employees and Teachers	65

*Termination of Employment

For disability benefit purposes, “termination of employment” means that the participant has ceased to be a participating employee on the termination date that the employer reports to ETF for the purpose of all benefits administered under Wis. Stat. § 40.

Such benefits include health insurance and sick leave credit usage, life insurance, income continuation insurance, long-term disability insurance, Employee Reimbursement Account, long-term care, EPIC, Spectera, Wisconsin Retirement System coverage and death benefits, and making deferred compensation contributions. A disability termination does not preclude a participating employer from keeping the participant on an administrative leave of absence for the purposes of benefits not administered under Wis. Stat. § 40.

¹ If you began working on or after October 16, 1992 or if you had a break in service, you are not eligible to apply for a disability retirement benefit (but you may be eligible for a Long-Term Disability Insurance (LTDI) benefit). Contact ETF for the [Long-Term Disability Insurance \(ET-5108\)](#) brochure or visit etf.wi.gov.

² If you do not meet the service requirement for disability retirement and your disability is not work-related, you may meet the service requirement for benefits under the Long-Term Disability Insurance program. Contact ETF for the [Long-Term Disability Insurance \(ET-5108\)](#) brochure or visit etf.wi.gov.

³ For this category of employees hired post Wis. Act 10 June 28, 2011, NRA is 65.

General Information (continued)

If you are a protective occupation participant under the WRS, you may be eligible for the “special” disability retirement benefit if:

- you meet all of the disability retirement eligibility requirements (with the exception of the NRA requirement),
- you became disabled between ages 50 and 55,
- you have at least 15 years of WRS creditable service,

and

- you can no longer perform the duties of your protective occupation position.

For this benefit, the *date you became disabled* is considered to be the day after your last day worked in full protective status.

If you are a protective occupation participant with a work-related disability, you may also be eligible for duty disability benefits under Wis. Stat. § 40.65. Contact ETF or visit etf.wi.gov for more information.

Benefit Calculation

How the Basic Benefit is Calculated

Your disability retirement annuity benefit effective date is normally the day after your last day for which earnings were paid. However, it can be no earlier than 90 days before the date we receive your application.

Annuities that are not effective on the day after your last day paid must always be effective on the first of a month. If you apply more than 90 days after your last day paid, you will not have the earliest possible benefit effective date, and you will have lost a partial month, or more, of benefits.

The amount of your benefit is based on your final average earnings and your number of years of creditable service, plus assumed service, under the retirement program (see page 11 for definitions).

You may be eligible for additional credit for military service, provided you meet the eligibility requirements. The service, if granted, may increase the amount of your benefits. You will have to submit a copy of your discharge paper(s) showing dates of active duty and character of discharge.

For more information, see the *Military Service and Your Benefits* section under the Members tab at etf.wi.gov.

Optional Annuity Choices

The “For Annuitant’s Life Only” disability annuity option is payable for your lifetime but provides no death benefit of any kind.

Other annuity payment options include:

- Life Annuity with 60 Payments Guaranteed
- Life Annuity with 180 Payments Guaranteed
- Joint & Survivor Annuity, 75% Continued to Named Survivor
(This option is not available if your named survivor is more than 19 years younger than you and is not your spouse or domestic partner.)
- Joint & Survivor Annuity, 100% Continued to Named Survivor
(This option is not available if your named survivor is more than 10 years younger than you and is not your spouse or domestic partner.)

- Joint & Survivor Annuity, Reduced 25% on Death of Annuitant or Named Survivor
(This option is not available if your named survivor is more than 19 years younger than you and is not your spouse or domestic partner.)
- Joint & Survivor Annuity, 100% Continued to Named Survivor Combined with 180 Payments Guaranteed
(This option is not available if your named survivor is more than 10 years younger than you and is not your spouse or domestic partner.)

These options could provide a death benefit for your beneficiary(ies). A more detailed description of these options is provided in the *Death Benefits* section on page 9.

Depending on the option you select, your spouse or domestic partner may be required to sign your disability application. Spouse or domestic partner consent is required on all annuity applications for required contributions if you select any option other than a joint and survivor option with your spouse or domestic partner as named survivor. Spouse or domestic partner consent is not required if:

- you select a joint and survivor option with your spouse or domestic partner as named survivor,
- you are applying for an annuity from additional contributions only,
- you have been married to your spouse or in a domestic partnership less than one full year immediately preceding your annuity effective date, or you are legally separated from your spouse or domestic partner on your annuity effective date.

Note: A spouse or domestic partner should not sign the consent if he/she wants to preserve his/her rights to being the named survivor for a joint and survivor annuity option.

Changing Options

It is important to carefully consider your option selection. The monthly annuity option you select can be changed only within 60 days following the date of your first benefit check. Your signed written request to change your annuity option must be received by ETF within the 60-day period or it will not be valid.

Application Process

How the Application Process Works

- Contact ETF to request a disability retirement estimate and application (see back cover for contact information).
- An introductory packet will be mailed to you that includes the *Disability Retirement Benefit Estimate and Application* (ET-5302), along with medical reports for you to provide to your physicians.
- If you wish to apply for a disability retirement benefit, complete and return this application to ETF.

You do not need to be terminated from your WRS-covered position when you apply for a WRS disability retirement benefit, but you must no longer be working.

The average time frame for ETF to process a claim is three to four months. It will depend on how quickly ETF receives both of the medical report forms from your physicians and how long it takes your employer to complete the employer paperwork.

Any questions pertaining to benefit requirements, status, etc. should be directed to ETF Disability Programs Section.

If you die after applying, but prior to being approved for the benefit, the benefit will be “deemed approved” if:

- you were eligible for the disability benefit;
- ETF received at least one Medical Report (ET-5303) indicating you met the disability definition;
- you die on or after the date which would have been the effective date of the disability benefit; and
- no further earnings were payable to you at the time of your death.

If you have a life-threatening illness or injury, you may want to request a *WRS Summary of Survivor Benefits* (ET-6518) from ETF. Applying for disability benefits may not provide the best survivor benefits.

Approval

Requirements for Benefit Approval

- Two licensed physicians (M.D. or D.O.) must complete a *Disability Retirement Medical Report* (ET-5303) or *Disability Retirement Special Medical Report* (ET-5304) stating that you are disabled. One of the doctors must specialize in the area of your disability. The *Disability Retirement Special Medical Report* (ET-5304) form is for protective occupation employees **only**.
- Your employer must verify that you have terminated or will terminate employment due to a disability and that you are not expected to return to work.
- You must not be entitled to any further earnings from your employer. Any payment to which you may be entitled after your last day of work (such as vacation, compensatory time, sick leave, temporary workers compensation, etc.), is used in determining the last day for which you were paid. This includes lump sum payments for any remaining leave time. Your employer will be required to certify your last day paid.
- If you are approved for disability retirement benefits, you will receive a letter when your benefit is approved, telling you how much your benefit will be and when it will start.

Denial of Benefits

If ETF denies your application for disability retirement benefits, you have several options available. You may do *one or more* of the following:

1. Apply for a regular retirement benefit if you are at least age 55 (age 50 if you are a protective occupation participant). If you apply within 60 days of denial, this benefit would begin on the same date that the disability benefit would have begun had it been approved. If you apply for a regular retirement benefit and it is approved, you may not apply for a disability retirement benefit at a later time.
2. Apply for a separation benefit if you are under age 55 (age 50 if you are a protective occupation participant) or if you are not vested. A separation benefit entitles you to only your employee-required contributions, additional contributions (if applicable), plus accumulated interest.

Applying for a separation benefit means you are forfeiting your employer-required contributions,

plus interest, and your entitlement to any future benefits from the disability retirement program based on your service prior to the separation. You also forfeit the right to reapply for disability retirement benefits.

3. Reapply for a disability retirement benefit if still eligible. See the *General Information* section for program requirements.
4. Leave your contributions in the retirement system until a later date.
5. If you wish to contest ETF's findings, a written request for an appeal to the appropriate board under Chapter ETF 11, Wis. Admin. Code, must be received by ETF within 90 days following the date of the notice of denial (see the *Contact Information* section).

Contact ETF for more information on which of these options may be done at the same time.

Withdrawal of Application

You may withdraw your disability retirement application by submitting a written request to ETF no later than the last working day before the 21st of the month in which your first monthly benefit payment is dated.

Cancellations

ETF must receive the two qualifying medical reports, and your employer's certification, within 12 months of the date your disability retirement application is received by ETF. If these forms are not received by ETF within the one-year time frame, your disability retirement application must, by law, be cancelled.

If your disability retirement application is canceled, the options available to you are explained in the *Denial of Benefits* section.

Insurance

Group Life Insurance Waiver of Premium

If you are currently insured under the Wisconsin Public Employers Group Life Insurance Program, you may be eligible to continue coverage without further premium payments if your disability retirement benefit is approved. However, in order to avoid a lapse in coverage, be sure to pay your premiums until you are notified that they are being waived. See the [Group Life Insurance After You Terminate Employment \(ET-4104\)](#) brochure for more information, available online at etf.wi.gov or from ETF.

Group Health Insurance Coverage

If you are covered under the Group Health Insurance Program administered by ETF, you may be eligible to continue coverage. Once your application for a disability retirement benefit has been approved, your group health insurance premiums will be deducted from your monthly annuity check. However, if your net monthly payment is not large enough to cover the health insurance premium, you will receive a billing directly from the insurance carrier.

Premiums may also be paid from your unused sick leave credits. In order to bank your unused sick leave, you must terminate WRS employment. See the [Group Health Insurance \(ET-4112\)](#) brochure and the [Sick Leave Credit Conversation Program \(ET-4132\)](#) brochure for more information, available online at etf.wi.gov or from ETF.

Medicare Supplement Insurance

To keep your group health insurance, you must enroll for both Medicare Parts A and B (Hospital and Medical) when first eligible. It is your responsibility to notify ETF when you and other family members enroll in Medicare. Use a [Medicare Eligibility Statement \(ET-4307\)](#) form to inform us of your Medicare effective dates, available online at etf.wi.gov or from ETF. You must also provide a photocopy of your Medicare card.

Income Continuation Insurance (ICI)

If you are receiving ICI benefits, disability retirement benefits reduce the amount you receive from ICI. The payment amount of the “For Annuitant’s Life Only” annuity option will be subtracted from your ICI payment (even if you select a different annuity option). For more information, see the [state \(ET-2106\)](#) or [local \(ET-2129\)](#) ICI brochures, available online at etf.wi.gov or from ETF.

Employment While Receiving Benefits

Earnings Limitation

If you return to work, you must notify ETF immediately. Your benefit will be suspended effective the first of the month in which you exceed the annual earnings limit, and we will advise you at that time when your benefit will resume. For additional information about the earnings limit, see “Disability Benefits” on the members tab of the ETF website at etf.wi.gov.

“Special” Disability Annuity—Protective

Occupation Participant Employees Only: There is no earnings limit with a special disability. However, a special disability benefit will be suspended for any period during which you are employed in a law enforcement or firefighting capacity. An annual earnings statement is required to monitor this.

Annual Process

Earnings Statement

Each year, you will be required to complete a *Statement of Annual Earnings for Disability Annuitants* (ET-5905). You must complete and return the statement whether or not you received earnings. Failure to complete and return the form by the required due date or providing incorrect information may cause your benefits to be suspended or terminated.

If you have returned to work or are self-employed, you will be required to report the amount of earnings, employer(s) name and occupation for each calendar month you received earnings. "Earnings" means wages and/or salary received for providing a personal service, including service performed on a contractual basis or self-employment.

Medical Recertification

If you are approved for a disability retirement benefit, you may be required to provide annual medical evidence that you continue to be disabled. When providing the medical evidence, your last examination date must be within 12 months of the date the physician signs the *Recertification Medical Report* (ET-5909).

Annual medical recertification may continue for as long as you are eligible to receive monthly disability retirement payments or up to your normal retirement age, as indicated in the *General Information* section. It is extremely important that you complete the recertification process in a timely manner to remain eligible to receive the monthly benefit.

Suspension or Termination of Benefits

No Longer Meet Disability Definition

If we receive your annual medical recertification and your physician indicates that you are able to perform the duties of any occupation for which the annual compensation would exceed the earnings limitation, your disability retirement benefit will be terminated. If your disability retirement benefit is terminated, your retirement account will be re-established as if you had never received disability retirement benefits.

Exceeding the Annual Earnings Limit

Each year you will be required to certify your earnings from all employment with the annual earnings statement. You are required to notify ETF immediately if you earn more than the statutory earnings limit amount in a calendar year. (Please visit etf.wi.gov and see Disability Benefits under the Members tab for the current annual earnings limit amount.)

If you reach the earnings limit, your disability retirement benefit will be suspended effective the first of the month in which you exceeded the annual earnings limit.

If your benefit is suspended, we will advise you of when your benefit can resume.

Special Provisions for Protective Occupation Participant Employees:

If you are a protective occupation participant who was approved for disability retirement benefits because you could no longer perform the duties of your protective occupation position, your benefits will be suspended immediately upon re-employment in a law enforcement or firefighting position.

Death Benefits

Death Benefits

If you die while receiving a disability retirement annuity from the WRS, a death benefit may be payable. In the event of your death, your joint survivor or beneficiary(ies) should contact ETF. Death benefits are determined by the type of disability annuity option you selected:

- ***For Annuitant's Life Only***
This annuity is paid during your life only. Payments end with the last monthly payment before your death. No payments will be made after your death.
- ***Life Annuity with 60 or 180 Payments Guaranteed***
This annuity consists of two parts: a straight life annuity which will end when you die, and a guaranteed portion. The guaranteed portion is a reduced annuity payable to you for life, with 60 or 180 monthly payment guaranteed. If you die before the guaranteed payments have all been made, the remainder of the payments will continue to your beneficiary(ies).
- ***Joint & Survivor Annuity—75% Continued to Named Survivor***
This annuity consists of two parts: a straight life annuity which will end when you die, and a guaranteed portion. The guaranteed portion is a reduced annuity payable to you for life. Upon your death, your named survivor will receive 75% of the guaranteed portion of the annuity for life. If your named survivor dies before you and within 5 years of your annuity effective date, the annuity will be increased based on the original "For Annuitants Life Only" option.
- ***Joint & Survivor Annuity—100% Continued to Named Survivor***
This annuity consists of two parts: a straight life annuity which will end when you die, and a guaranteed portion. The guaranteed portion is a reduced annuity payable to you for life. Upon your death, your named survivor will receive 100% of the guaranteed portion of the annuity for life. If your named survivor dies before you and within 5 years of your annuity effective date, the annuity will be increased based on the original "For Annuitants Life Only" option.
- ***Joint & Survivor Annuity—25% Reduction on Death of Annuitant or Named Survivor***
This annuity consists of two parts: a straight life annuity which will end when you die, and a guaranteed portion. The guaranteed portion is a reduced annuity payable to you and your named survivor for life. Upon either you or your named survivor's death, the survivor will receive 75% of the guaranteed portion of the annuity for life.
- ***Joint & Survivor Annuity—100% Continued to Named Survivor with 180 Payments Guaranteed***
This annuity consists of two parts: a straight life annuity which will end when you die, and a guaranteed portion. The guaranteed portion is a reduced annuity payable to you for life. Upon your death, your named survivor will receive 100% of the guaranteed portion of the annuity for life. If both you and your named survivor die before 180 monthly payments have been made, the remainder of the 180 payments will be paid to the beneficiary(ies).

Social Security

Social Security

You can contact the Social Security Administration at 1-800-772-1213 or visit www.ssa.gov for a projection of your Social Security benefits.

Social Security is a federal benefit and is separate from your WRS benefit. Social Security Disability Insurance (SSDI) benefits will not reduce your disability retirement benefit. However, if you are approved for SSDI, the annual medical recertification requirement may be waived. Therefore you should send ETF a copy of your SSDI award letter, once available.

Taxability of Benefits

WRS Disability Retirement Annuity

This disability benefit is considered taxable income. However, you may qualify for the IRS Earned Income Tax Credit.

For more information on federal income taxes and the tax status of your disability retirement benefit, contact the Internal Revenue Service at www.irs.gov and request Publication 524 Credit for the Elderly or the Disabled.

Income Tax Withholding

- Please complete the Income Tax Withholding section of your benefit application.
- Federal income tax withholding is voluntary, but if you do not specify how you want taxes withheld, federal regulations require ETF to withhold according to the tax tables as if you are married with three exemptions. (See the W4-P form in your packet or at www.irs.gov for help calculating your withholding amount).
- Wisconsin income tax withholding is also voluntary, but if you do not specify how you want taxes withheld, ETF is not required to withhold anything.

To *change* your income tax withholding (after you have submitted your application or once you are receiving benefits):

- Use the ETF Retiree Monthly Tax Withholding Calculator to determine how much you would like to withhold from your payment for taxes. You can also use this calculator to print a tax withholding election form to submit to ETF. Access the calculator at etf.wi.gov.
- Complete an *Income Tax Withholding Election Change for Monthly Annuities (ET-4310)* form, found online at etf.wi.gov or contact ETF.

Income Tax Statements

ETF will mail you a 1099-R statement annually by January 31 providing information to complete your tax return.

Definitions

Assumed Service—is added service meant to enhance the benefit that includes the years between the date of your disability and the date when you would reach the normal retirement age for your employment category.

Break in Service—A break in service occurs when an employee terminates all WRS employment and a period of time intervenes before the employee returns to WRS employment. A break in service can be as short as one work day.

In order to avoid a break in service, a member must be continuously employed by successive WRS employers without intervening periods of either unemployment or employment with non-WRS employers. Some exceptions to this are teachers during summer break and protective occupation employees with alternative work schedules.

For example, an employee (who normally works Monday through Friday) terminates employment on a Thursday, takes an unpaid day off on Friday and has a hire date of the following Monday with another WRS employer. This employee has a break in service. If this same employee terminates employment on Friday, there would be no break in service.

Creditable Service—Creditable service includes all service from the date you began participating under the WRS to the date you became disabled, *plus* all assumed service for those years between the date of your disability and the date when you reach the normal retirement age for your employment category.

Disability—Disability means the inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration. (See definition of “medically determinable impairment” in the right column.)

Earnings Limit—The maximum amount of money you can make in a year without affecting your disability retirement benefit. This amount changes each year. Visit etf.wi.gov for the current year’s earnings limit. See *Disability Benefits* section under the *Members* tab on the website.

Final Average Earnings—Final average earnings are determined by dividing the total of your earnings in the three highest annual earnings periods by the number of months of service represented by those earnings.

Note: One full year of teaching service represents 12 months in this calculation.

Medically Determinable Impairment—An impairment that has medically demonstrable anatomical, physiological or psychological abnormalities. The described abnormalities are medically determinable if they manifest themselves as signs or laboratory findings apart from symptoms that are not medically determinable.

Protective Occupation Participant—Any WRS member whose employer specifies that your duties include active law enforcement, or active fire suppression or prevention, with frequent exposure to danger, peril and requiring a high degree of physical conditioning (examples: firefighter, police officer, correctional officer).

Substantial Gainful Activity—Any work for which the compensation will exceed the earnings limit in a calendar year. (See definition of “earnings limit” in the left column.)



Cover photo courtesy of the Wisconsin Department of Tourism.

Contact ETF

Visit us online at etf.wi.gov

Find Wisconsin Retirement System benefits information, forms and publications, benefit calculators, educational offerings, email and other online resources.

Call us toll free at 1-877-533-5020 or 608-266-3285 (local Madison)

Benefit specialists are available by phone 7:00 a.m. to 5:00 p.m. (CST)
Monday-Friday

Wisconsin Relay Service for hearing and speech impaired: 7-1-1
1-800-947-3529 (English), 1-800-833-7813 (Spanish)

Write or Return Forms

P.O. Box 7931
Madison, WI 53707-7931

Visit by Appointment

801 West Badger Road
Madison, WI 53713
7:45 a.m. to 4:30 p.m.

