

Preparing for Disability Retirement

from the Fairfax County
Employees'
Retirement System

Schools/FCPS

A Guide For:
Service-Connected Disability Retirement
and
Ordinary Disability Retirement



This booklet is a summary of information for Fairfax County Public School Employee members of FCERS retiring on a **service-connected disability or an ordinary disability** retirement.

You can find more detailed information about disability retirement in the *Employees' Retirement System Handbook*, found online at www.fairfaxcounty.gov/retirement/pdfs/emphandbook.pdf and the *FCPS Retiree Benefits Handbook*, which can also be found online at www.fcps.edu/DHR/retirees/benefits/2011health/index.htm. (The Fairfax County Code will govern in the event of any error in this booklet.)

Fairfax County Retirement Agency

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Suite 280
Fairfax, VA 22030-3812

703-279-8200

1-800-333-1633

fax 703-273-3185

www.fairfaxcounty.gov/retirement/

FCPS Office of Benefit Services

Department of Human Resources
8115 Gatehouse Road
Falls Church, Virginia 22042

571-423-3200

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Disability Retirement Issues – Employees' Retirement System

First Steps When Applying for a Disability Retirement from FCERS . . .

If you have not already received a personalized estimate of your retirement benefits, and counseling regarding your retirement options, call the Retirement Agency at 703-279-8200. Be sure to let the retirement counselor know that you are considering applying for an ordinary or service-connected disability and make note of this on the Estimate Request form you will be asked to complete. This Estimate Request form, specific to FCPS employees, can be found on the Retirement Agency's website at http://www.fairfaxcounty.gov/retirement/estimateform_sch.pdf.

School employees should also contact the Schools Office of Benefit Services at 571-423-3200 or 1-800-831-4331.

What Kind of Retirement Will I Be Eligible For? What Will I Get?

To understand how your benefit is calculated, you need to understand the definition of the following terms:

Final Average Salary (FAS): is the average of the highest consecutive 78 bi-weekly pay periods any time in your career (adjusted for any deferred merit increments in FY1992 and FY1993). For Service-Connected Disability retirees, FAS also includes the salary you would have received during periods paid by Workers' Compensation. Periods of Leave Without Pay (LWOP) for approved Family and Medical Leave will be ignored when calculating highest consecutive pay periods.

Service-Connected Disability: an injury or illness that makes it impossible for you to continue to perform the job for which you were hired. The injury or illness was job related.

Ordinary Disability: an injury or illness that makes it impossible for you to continue to perform the job for which you were hired. The injury or illness was not job related.

◆ **Service-Connected Disability Retirement:** A Service-Connected Disability Retirement is available for you if you are unable to do the job for which you were hired due to a job-related injury or illness, regardless of your length of service. You or your agency may initiate the application process. To be eligible for this benefit you must apply for Workers' Compensation and Social Security benefits and the System's Board of Trustees (with a recommendation from the Medical Examining Board) must find that you are medically disabled and that the injury or illness was job-related. Your benefit with a service-connected disability retirement is $66\frac{2}{3}\%$ of your FAS. This tax-free benefit is reduced by payments you receive from Workers' Compensation and 30% of your Social Security disability or age 62 retirement benefits (*see note on following page*). In addition, your retirement benefit will be reduced if you have outside earnings so that the total of your retirement benefits and outside earnings do not exceed what you would have earned if you were still working.

Service-Connected Disability retirees must accept medical services, vocational rehabilitation, or other employment under the Workers' Compensation Act or face suspension of their Workers' Compensation benefits. If those benefits are suspended, the Board of Trustees has the option to continue calculating the retirement benefit as though the retiree was still receiving those benefits.

Between the member's disability retirement and age 65, a medical examination is required once a year for the first five years of disability retirement, and once every three years thereafter. Refusal to submit to a medical exam may result in the termination of disability retirement benefits. Disability benefits may start again if the member submits to a medical exam but only if the member agrees to take the exam within one year of the day he or she was first requested to do so. The Board of Trustees may require the member to apply for positions with Fairfax County or Fairfax County Public Schools for which he or she is qualified. Failure to accept a position offered may result in a reduction or termination of benefits.

When Workers' Compensation benefits have ceased, Service-Connected Disability retirees must undergo periodic medical re-evaluations as required by the System's Board of Trustees. Service-Connected Disability retirees who have not yet reached age 65 (or their normal retirement date) must also send in a copy of their tax returns and W-2 forms each year to verify their outside earnings.

There is also a Service-Connected Accidental Death Benefit payable to your survivor if your death is directly related to your service-connected disability.

NOTE: The offset for Social Security benefits is based on the first benefit you become eligible to receive. When you reach age 62, if you are not already receiving Social Security Disability benefits, you will be required to contact the Social Security Administration for an estimate of your retirement benefit at age 62. Your Service-Connected Disability retirement benefit will be reduced by 30% of this amount, beginning when you turn 62, regardless of whether or not you elect to begin receiving the Social Security benefits at that time.

◆ **Ordinary Disability Retirement:** Members of the System with at least five years of service may apply for Ordinary Disability Retirement. The System's Board of Trustees will approve this retirement if it determines (with a recommendation from the Medical Examining Board) that the member is unable to do the job for which he or she was hired, and that the injury or illness was not job-related.

Benefits are calculated as 2% times FAS times the member's service. The total is then increased by 3%. Unused sick leave may be credited as service at the rate of 172 hours of sick leave per month of service for full-time employees (or pro-rated for part-time employees). LWOP does not count as service. If you are a part-time employee, your FAS and service are annualized (see the Employees' Retirement System handbook or call the Retirement Administration Agency for more information). Benefits are taxable. Between the member's disability retirement and age 65, a medical examination is required once a year for the first five years of disability retirement, and once every three years thereafter. Refusal to submit to a medical exam may result in the termination of disability retirement benefits. Benefits may start again if the member submits to a medical exam but only if the member agrees to take the exam within one year of the day he or she was first requested to do so. The Board of Trustees may

require the member to apply for positions with Fairfax County or Fairfax County Public Schools for which he or she is qualified. Failure to accept a position offered may result in a reduction or termination of benefits. Benefits cease if the member returns to work with Fairfax County before his or her normal retirement date.

Applying for a Disability Retirement

Applications for disability retirements must generally be made within one year of your termination from Fairfax County. The application forms for disability retirement are included with this packet including forms to be completed by you and by your physician. Once they have been completed and returned and the Medical Exam Unit has made its recommendation, the Board of Trustees will make a determination if you are medically disabled and if the disability was job-related. To appeal a decision of the Board of Trustees, send a request in writing to the Retirement Administration Agency within 30 days of the Board's decision.

◆ What Information Will I Need to Retire?

- ❖ A completed* disability retirement application
- ❖ Physicians' Report on Disability of Member
- ❖ Members' Report on Disability of Member
- ❖ Copies of Medical Records
- ❖ Birth Certificate or Passport as proof of birth
- ❖ Completed tax withholding forms**
- ❖ Completed Direct Deposit Form
- ❖ Completed Authorized Payroll Deduction Form

*If you are applying for Service-Connected Disability retirement you will also be required to provide documentation showing you have applied for Workers' Compensation and Social Security benefits. (*See Retirement Packet for more information.*)

**In the absence of completed forms, taxes will be withheld at the married with three exemptions rate for federal taxes (married with one exemption for Virginia state taxes)

Decisions You Must Make at Retirement

◆ **When Should I Go?** If you are disabled, you may be able to use your annual, sick or injury leave (if available) or compensatory time (if available) until your retirement is approved. However, once you decide to retire, there are several things that you should consider while deciding when in the year you wish your retirement to become effective.

Salary Adjustments or Increases: You may wish to wait until after the effective date of a salary increase in order to have your FAS and annual leave/compensatory time payoff calculated at the highest possible salary or choose a date that will provide you with the highest possible prorated first year adjustment on your retirement benefit.

Leave Implications: You may wish to retire before your excess annual leave is converted to sick leave or excess compensatory time is lost in July or, you may choose to wait until after the excess annual leave is converted to sick leave which counts as service.

Tax Implications: You may wish to choose a retirement date that allows your annual leave/compensatory time payoff to be paid after January 1 so that it will not be included as part of your taxable salary for your last year of employment.

◆ **Deductions/Taxes:** You will have to make decisions about any deductions or, if you are retiring on an Ordinary Disability Retirement, any tax withholding you may wish to have taken from your retirement check.

Deductions: You may request that deductions for County group term life, dental and health insurance premiums, as well as contributions (if any) to your credit union be taken from your retirement benefits. In addition, federal and Virginia state income tax will be withheld at your request. If you are liable for another state's taxes you will have to file estimated tax forms with that state.

Please note: Premiums for Health, Dental, and Life Insurance will be automatically deducted from your monthly pension payment as long as your retirement payment is sufficient to cover your premiums. If your retirement payment is not large enough to cover your premiums we will coordinate with the FCPS Benefits Office and you will be billed separately for the premiums.

Answers to Other Questions

◆ **Are My Benefits Taxable?** Service-Connected Disability Retirement benefits are not taxable while Ordinary Disability Retirement benefits are generally taxable. Contributions you made prior to January 1, 1985, have already been taxed and are not taxable again. According to IRS regulations, a small portion of these already-taxed contributions will be included in each of your Ordinary Disability Retirement checks. At the end of each year, you will be sent a IRS Form 1099-R showing the taxable and previously taxed benefits paid to you that year along with the amount of any taxes you have had withheld. Service-Connected Disability retirees do not receive a 1099-R.

◆ **Can My Benefits Be Assigned, Attached or Garnished?** No, except to the extent permitted by Virginia law for spousal and/or child support or for Internal Revenue Service (IRS) tax levy or Chapter 13 bankruptcy court orders.

◆ **Will I Receive Cost-of-Living Adjustments (COLAs) as a Retiree?** Yes. Retirees receive COLAs based on the lower of 4% or the Consumer Price Index increase for the Washington, D.C. area each year on July 1. COLAs are pro-rated in your first year of retirement. For Service-Connected Disability retirees, COLAs are paid on the net benefit after offsets (if any) for Workers' Compensation and Social Security.

◆ **What Happens to My Retirement Annuity If I Return to Work For Fairfax County Public Schools After I Retire?***

—*Service -Connected Disability Retiree:* If you are a Service-Connected Disability retiree and are hired again to a position covered by the Retirement System from which you are retired (FCPS), your retirement benefits will cease and you will again become a contributing member of the System. In essence, you will "unretire." When you later retire, you will receive credit for the time when you were retired and your new retirement benefit will be calculated as though you had never left. *Please refer to FCPS Human*

Resources Regulation 4774.4 for specific guidelines for the Reemployment of a FCPS disability retiree into a FCPS position. If you are hired to any other position covered by one of the other Fairfax County Retirement Systems, you will retain your annuity but are barred from joining the new System. In addition, your combined salary and retirement benefits may not exceed 115% of the then current maximum monthly salary for a Deputy County Executive in the County's Compensation Plan. If you exceed that cap, your retirement benefits will be reduced accordingly.

—*Ordinary Disability Retiree:* If you are an Ordinary Disability retiree and are hired to any retirement eligible position by the same appointing authority (FCPS) for which you were employed prior to retirement, your retirement benefits will cease. *Please refer to FCPS Human Resources Regulation 4774.4 for specific guidelines for the Reemployment of a FCPS disability retiree into a FCPS position.*

Your First Check

Retirement benefits are paid once a month on the last business day of the month. You will receive your first check at the end of the first full month in which your disability retirement has been approved by the Board of Trustees, and final payroll information has been received from your employer. Since your first check will include all retirement benefits earned from your date of retirement it is often larger than subsequent checks. For instance, if you retire September 10, you will most likely receive your first retirement check the last business day of October. The check, however, will include your retirement annuity for October and the portion of September after you retired.

Direct Deposit

All retirees must sign up for Direct Deposit. You will, however, receive your first check in the mail. You may have your funds deposited in nearly any bank, savings and loan or credit union. To sign up for Direct Deposit, complete the enclosed form. To change banks or account numbers or to report a lost check, call the Retirement Administration Agency at 703-279-8200 or 1-800-333-1633.

Workers' Compensation

If you have questions about your Workers' Compensation benefits, Cost-of-Living Adjustments to those benefits, or medical/rehabilitative services provided under the provisions of the Workers' Compensation Act you may contact the Schools workers' compensation plan administrator Liberty Mutual at 1-800-524-0740 or the Schools Office of Benefit Services at 571-423-3200.

Beneficiary and Address Changes

When you retire, you will be asked to name a beneficiary to receive the balance of your contributions should you die before they are exhausted. If your beneficiary or address changes, you must notify the Retirement Administration Agency (RAA) by calling 703-279-8200 or 1-800-333-1633 and request the appropriate form.

Please note: *Notifying the RAA will change your address for your medical, dental and life insurance benefits with FCPS. If your beneficiary information changes, you must contact the Office of Benefit Services and if your address or other contact information changes, you should notify the credit union, life insurance company, and/or your 403(b) vendor.*

Miscellaneous Notes

If you plan to move after you retire, remember to notify your payroll clerk to provide your new address to them so your W-2 Form will not be delayed. Also remember to turn in your School System ID Card and any keys or other School System property in your possession.

Other Issues

Credit Union

All FCPS retirees may continue as members, or join as new members, of the Fairfax County Employees Credit Union or Apple Credit Union. Deductions to the Apple Credit Union may be taken from your retirement check and you may elect to have your retirement benefit directly deposited into either Credit Union account. If you have a loan with the Credit Union and are making payments from your paycheck, you must contact the Credit Union and let them know to begin taking the payments from your retirement check instead. For more information contact the Fairfax County Employees Credit Union at 4201 Members Way, Fairfax VA 22030 or call 703-218-9900 or the Apple Credit Union at P.O. Box 1200, Fairfax VA 22030 or call 703-323-0246.

Fitness Center

The Employee Fitness and Wellness Center (EFWC) is operated by the Fairfax County Park Authority and is open to all Employees & Retirees of Fairfax County Government and FCPS. Members of the EFWC may designate **one** person, over 18 years of age, who lives in the same household as them to join the EFWC under their account. Hours and rates are the same as for active employees. For information on rates, classes and schedule, please call 703-324-5590.

Social Security and Medicare

♦ **Social Security**: Most retirees born before 1938 are eligible to receive unreduced Social Security retirement benefits at age 65 (increasing to age 67 for those born in 1960 or after – see table on page 2). Reduced benefits are available as early as age 62). You may be eligible to receive those benefits based on your own earnings or on the earnings of your current or former spouse. In addition, Social Security provides benefits for those who are disabled and for surviving spouses and children. Surviving spouses (including divorced spouses) may be eligible to receive survivor benefits as early as age 60 or earlier if they are disabled or caring for eligible children. Social Security also provides Supplemental Security Income (SSI) benefits for those with low incomes and limited assets who are blind, disabled or over age 65.

For more information or to apply for Social Security benefits call 1-800-772-1213 or visit www.socialsecurity.gov. When applying for Social Security retirement benefits its best to apply about 3 months before the month you want to begin receiving benefits.

◆ **Medicare:** See page 18 in the *Retiree Benefits Handbook for FCPS Retirees*, for information related to Medicare.

For additional information, you may want to contact Medicare for the publication entitled *Medicare and You 2011 Handbook* available from Medicare Publications, 1-800-MEDICARE (1-800-633-4227) or visit the Medicare website to review that publication and other resources they have available. You can access Medicare information online by visiting their website at www.medicare.gov.

Medicare should not be confused with Medicaid. Medicaid is the health plan for low-income individuals with limited assets and is usually operated by State welfare or human service agencies. Some individuals may qualify for both plans and may not have to pay any out-of-pocket expenses for their medical care. If you think you may qualify, call the Social Security Administration at 1-800-772-1213.

Laws governing Medicare, Medicaid and health insurance are subject to change. Watch the *Retiree Report*, the websites listed above, and other media for information.

Area Agency on Aging

Fairfax County has a reputation of being one of the best places in the country to find any type of service for the elderly. These include senior centers throughout the County where classes and activities are held; many publications geared to the needs of the elderly; home based care programs providing meals, regular visits and other care for the homebound; help with housing, medical forms, and other needs; as well as many opportunities for volunteering and recreation tailored to seniors.

Many of these services are provided through the County's Area Agency on Aging. For more information about their programs call the Area Agency on Aging at 703-324-5411 (TDD 703-803-7914).

Most communities are served by their own Area Agencies on Aging or other government agency providing similar services. Consult your phone directory for more information.

Volunteer Opportunities

The Seniors in Action (SIA) is a Fairfax County program matching volunteers age 55 and over with community needs. Over 250 nonprofit agencies and organizations throughout Northern Virginia provide a wide range of volunteer opportunities. Volunteers may work 3-4 hours per week or more on activities including working in hospitals and mental health centers; reading to the visually handicapped; working with children as tutors, school aides, or living historians; organizing activities and crafts in nursing homes; helping in libraries; participating in archeological projects; conducting historic tours; serving on organizational boards, commissions and committees; assisting in environmental projects; working in nonprofit thrift/gift shops; assisting the handicapped; providing transportation; conducting research/data collection; working with computers; and providing clerical/office support. For information contact 703-324-5411 and ask for the volunteer intake person (VIP) for Seniors in Action.

Retiree Association

The Fairfax County Retired Employees Association is open to any individual retired under the Fairfax County Employees' Retirement System. Besides being a voice on issues of importance to County retirees, the group tries to schedule a variety of recreational activities throughout the year.

Annual Membership is \$5.00 to join and a renewal fee of \$5.00 each July 1, or Lifetime Membership for \$50.00. For more information or to join the Association, contact Bobbie Deegan, Treasurer, 301-937-7070. FCREA publishes a bimonthly newsletter for its membership called *Hot Flashes*.

Human Resources Issues (School System)

Information regarding the topics below can be found in the *Retiree Benefits Handbook*, an annual handbook about benefits and Open Enrollment for FCPS retirees. This publication can be found at www.fcps.edu/DHR/retirees/benefits/2011health/index.htm.

The *Retiree Benefits Handbook* also contains a listing of contact phone numbers and websites, should you need additional information or assistance.

You may also refer to the *Fairfax County Public Schools Benefits for FCPS Employees* publication, mailed to active school employees each fall by FCPS. If you need to obtain this handbook, it can be downloaded and printed by visiting www.fcps.edu/DHR.

Annual Leave and Sick Leave

Please see page 45, Annual Leave, in the *Retiree Benefits Handbook for FCPS Retirees* for a discussion on this topic.

Health Plans

Detailed information about this is in the *Retiree Benefits Handbook for FCPS Retirees*. Current rates can be found in the *Retiree Benefits Briefing* on page 5 at www.fcps.edu/DHR/retirees/benefits/2011health/pdfs/11retireebriefing.pdf.

Dental Insurance

Dental Plans are covered on pages 23-25 in the *Retiree Benefits Handbook for FCPS Retirees*. Current rates can be found in the *Retiree Benefits Briefing* on page 4 at www.fcps.edu/DHR/retirees/benefits/2011health/pdfs/11retireebriefing.pdf.

Flexible Spending Accounts

See page 45 in the *Retiree Benefits Handbook for FCPS Retirees*.

Tax-Deferred Personal Retirement Savings Plans - 457(b) and 403(b)

See page 46 in the *Retiree Benefits Handbook for FCPS Retirees*.

FCPS Life Insurance

FCPS Life Insurance for FCERS Members is covered on page 36 in the *Retiree Benefits Handbook for FCPS Retirees*.

Disability Benefits

See page 45 in the *Retiree Benefits Handbook for FCPS Retirees*.

Charitable Contributions

See page 46 in the *Retiree Benefits Handbook for FCPS Retirees*.