



A GUIDE TO

Disability Benefits

General Employees Retirement Plan

YOUR

Guide to MSRS Disability Benefits

About MSRS

The Legislature established the Minnesota State Retirement System (MSRS) in 1929 to provide retirement benefits for state employees.

MSRS administers multiple retirement plans that provide retirement, survivor and disability benefit coverage for Minnesota state employees, the Metropolitan Council, and many non-faculty employees at the University of Minnesota and the Minnesota State university system.

Benefit Information

MSRS retirement specialists are a valuable source of information and assistance regarding your benefits. They can explain plan provisions, provide you with a benefit estimate and counsel you regarding your benefit rights and options.

MSRS retirement specialists are not registered investment advisors and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.

We're Here to Help

Questions?

Contact Us.

Phone: 1.800.657.5757
or 651.296.2761

Address: 60 Empire Drive, Suite 300
St. Paul, MN 55103-3000

Web: www.msrs.state.mn.us



Disability Eligibility & Application Process

Disability Protection

As a member of the General Employees Retirement Plan (GERP), you have disability protection. If eligible, the plan will pay you a disability benefit for your lifetime or until you are no longer disabled.

This guide provides information about the MSRS disability benefit and the application process you need to follow. The forms you need to complete are included in the back of this guide.

The information provided in this guide does not amend or overrule any applicable statute or administrative rules. In the event of a conflict, the applicable statute or administrative rule will prevail.

Eligibility

To be eligible for a disability benefit, you must be vested and meet the statutory definition of total and permanent disability.

You are vested if you were **hired after June 30, 2010** and have five years of allowable service or if you were **hired before July 1, 2010** and have three years of allowable service.



Total and Permanent Disability Defined

State law defines total and permanent disability as the inability to engage in any substantial or gainful activity as a result of a medically proven physical or mental impairment that has existed or is expected to continue for at least one year.

Application Steps



1 Submit Forms

- *MSRS Disability Application*
- *Employer Certification Form*
- *Medical Statement (two required)*



2 Review Process

- Managed Medical Review Organization (MMRO) reviews application
- Approximately 45 to 75 days to complete



3 Determination

- You will receive a letter from MSRS regarding the approval or denial of your application
- Upon approval, up to 180 days retroactive pay may be available
- If denied, an appeal in writing to the Executive Director can be submitted up to 60 days from the date of the letter

DISABILITY

Application Requirements

Forms to Complete

Complete the following forms that are included in the back of this brochure in order to apply for a disability benefit. We recommend making copies of the completed forms for your records.

1 | *Application for Disability Benefit* (required)

The application must be signed in the presence of a notary public. If you are married, your spouse's notarized signature is required to acknowledge they are aware of your benefit election. If your spouse does not sign the application or no survivor option is selected, MSRS is required by state law to pay the 50% Joint-and-Survivor benefit option. More information about these options can be found on page 6 of this guide.

2 | *Employer Certification* (required)

This form must be completed by your employing agency/department and returned to MSRS with a copy of your position description.

3 | *Medical Statements* (two required)

Two medical providers must submit evidence of your occupational status. The statements must be completed by a medical doctor, licensed psychologist, nurse practitioner, chiropractor, physician assistant or podiatrist. At least one of the statements must be completed by a licensed, practicing physician.

4 | *Direct Deposit Agreement* (optional, but recommended)

We encourage you to sign up for direct deposit. It is a secure, easy and worry-free way to receive your monthly payments. Generally, your payment is sent to your financial institution the first business day of each month. If you do not choose direct deposit, MSRS will mail you a paper check. You may start or stop direct deposit at any time.

5 | *Tax Withholding Election, Substitute Form W-4P* (optional, but recommended)

Some or all of your benefit is taxable income. Complete this form to provide instructions to MSRS to withhold federal and/or Minnesota state taxes from your monthly benefit.



Documents to Provide

The following documents should be included when preparing your application for a disability benefit.

1 | Photocopy of Birth Records (required for you & your survivor)

Payments cannot begin until you provide MSRS with a photocopy of your birth record. In addition, if you select a survivor option, you must provide a photocopy of your survivor's birth record. Please write your MSRS Account ID or Social Security number on your survivor's birth record.

Birth Record Contacts

If you were born in Minnesota, you can go to any local Registrar or the Minnesota Department of Health Office of Vital Records:



Online at: www.health.state.mn.us

If you were born in another state:



Online at: www.cdc.gov/nchs/w2w.htm

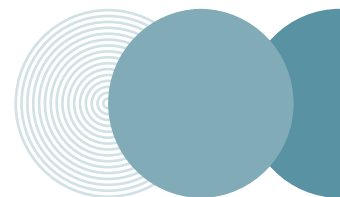
2 | Photocopy of Marriage Certificate (required, if applicable)

3 | Certified Copy of Divorce Decree and/or Domestic Relations Order (required, if applicable)

During a marriage dissolution proceeding, the court may decide to divide the assets of the MSRS retirement plan between the parties. If you are currently divorced, or have been divorced, you must provide MSRS with certified copies of any divorce decrees and/or domestic relations order (DRO) before you can collect a retirement or disability benefit. These documents are required even if the assets will not be divided between the parties and regardless of when the divorce occurred. For more information on how divorce may affect your benefit, please contact MSRS.

Disability Benefit Application Deadline

You must apply for a disability benefit within 18 months after you end state employment.



Benefit Options

When you apply for a disability benefit, you may choose the Single-Life benefit, a Joint-and-Survivor benefit, or the Life Income, 15-Year Certain (see table for details).

Naming a Survivor

Anyone may be named as your survivor. If you are married, your spouse must sign the disability application in the presence of a notary public acknowledging your survivor benefit election. Minnesota law requires that your spouse receive at least a 50% Joint-and-Survivor option unless they waive their right to this benefit. You may also name multiple survivors.

Considerations When Choosing a Benefit Option

- Your health and your survivor's health
- Your retirement income needs
- Your survivor's income needs after your death
- Other sources of income you may have

Bounce-Back Provision

If you elect a 100%, 75% or 50% Joint-and-Survivor benefit option and your named survivor predeceases you, your monthly benefit will increase or bounce-back to the Single-Life benefit amount. Before your benefit can be adjusted, you must notify MSRS and provide a copy of the death certificate.

Changing Your Benefit Option

30 Days After Approval for Disability

MSRS will send you a *Benefit Authorization* letter confirming the monthly benefit amount about the time you receive your first payment. You may change your survivor benefit election if the change is made within 30 days of the date of your *MSRS Benefit Authorization* letter. You must complete a new application in order to change your election. Contact MSRS to request a new disability application.

At Full Retirement Age

If you choose the Single-Life benefit when you apply for a disability benefit, you may change your election when you reach full retirement age. Choosing a survivor benefit will reduce your monthly payment but provides a payment to your survivor upon your death.

Benefit Options Described

If you decide to provide a monthly benefit to a survivor, you will receive a lower monthly benefit to provide this additional coverage. The benefit reduction is based on the age difference between you and your survivor. The younger the survivor is, the greater the reduction in your monthly benefit.

BENEFIT	OPTION
Single-Life Provides a benefit for your lifetime only	If you select this option, you will receive a monthly benefit for your lifetime or until you are no longer disabled. When you die, the monthly benefit stops. Any remaining employee contributions in your account will be paid to your beneficiary.
100% Joint-and-Survivor Provides maximum survivor coverage	If you select this option, you will receive monthly payments for your lifetime or until you are no longer disabled. When you die, your named survivor will continue to receive the same amount you were receiving for their lifetime. If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the Single-Life benefit amount after MSRS has been notified and receives a death certificate.
75% Joint-and-Survivor Provides some survivor coverage	If you select this option, you will receive monthly payments for your lifetime or until you are no longer disabled. When you die, your named survivor will receive 75% of the amount you were receiving for their lifetime. If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the Single-Life benefit amount after MSRS has been notified and receives a death certificate.
50% Joint-and-Survivor Provides some survivor coverage	If you select this option, you will receive monthly payments for your lifetime or until you are no longer disabled. When you die, your named survivor will receive 50% of the amount you were receiving for their lifetime. If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the Single-Life benefit amount after MSRS has been notified and receives a death certificate. Important! If you are married, you must provide at least a 50% survivor option for your spouse unless they waive coverage.
Life Income, 15-Year Certain Provides you a lifetime monthly benefit	If you die before collecting monthly payments for 15 years, your survivor(s) continue to receive payments for the balance of the 15-year term. If you live longer than 15 years, your monthly benefit continues for your lifetime or until you are no longer disabled; however, there is no monthly payment to a survivor upon your death. If both you and your survivor die within 15 years, the balance will be paid to your estate.

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Approval, Benefits & Resources

Approval or Denial of Benefit

You will receive a letter from MSRS to confirm whether you have been approved or denied for a disability benefit.

Benefit Payments

First Benefit Payment

You will receive a *Benefit Authorization* letter around the same time you receive your first disability benefit payment. The letter:

- Verifies the amount of your first payment and the ongoing benefit amount.
- Confirms your optional benefit selection (for example, 100% Joint-and-Survivor option)
- Verifies when you will receive your monthly benefit
- Provides important tax information

You will receive your first disability payment about six weeks from the date of approval for a disability benefit. You may be paid retroactively from the last pay period in which you received compensation (including earnings, sick leave, vacation, vacation donation, or workers' compensation) or 180 days from the date that we received your entire disability application, whichever is later.

Your first benefit payment is typically higher due to the retroactive payment.

If you are receiving a retirement benefit at the time you are approved, the benefit will be converted to a disability benefit on the first of the month following approval. You may be paid retroactively for the difference between a retirement benefit and a disability benefit.

Subsequent Monthly Payments

Monthly payments will be available in your bank account the first business day of each month if you signed up for direct deposit. If you receive payment by check, add five business days for mailing time.

Annual Benefit Increases

You may be eligible for a benefit increase in January of each year. Your first increase may be prorated depending on when your benefit started. You will receive a letter each December to confirm your benefit increase.

Service with Another Minnesota Public Employer













If you have allowable service with another Minnesota public employer, for example the Teachers Retirement Association (TRA) or the Public Employees Retirement Association (PERA), you may be eligible for a disability benefit from that fund.

The benefit you receive will be based on the service credit you accrued with the other retirement plan. Both plans will use the same five-high average monthly salary to calculate the benefit. You will receive a separate payment from each plan. Please contact your other plan administrator to request disability forms and benefit estimates.



Resources

As a Minnesota public employee, you may be eligible for benefits administered by other providers. When applying for a disability benefit, use the list below as a guide to coordinate your benefits.

Public Employees Retirement Association (PERA) Teachers Retirement Association (TRA)	<p>If you are covered by multiple Minnesota public retirement plans, the service credit earned from all plans can be combined with your MSRS service to qualify for additional retirement benefits. This is called a Combined Service Annuity (CSA).</p>	 PERA: 651.296.7460 or 1.800.652.9026  TRA: 651.296.2409 or 1.800.657.3669  PERA: www.mnpera.org TRA: www.minnesotatra.org
Social Security Administration	<p>For information, estimates or to apply for your benefits, contact the Social Security Administration 90 days prior to your retirement date if you are age 62 or older at retirement.</p>	 Social Security: www.ssa.gov
Retiree health, dental & life insurance benefit information	<p>Contact your agency/department designated insurance representative regarding health, dental, and life insurance coverage.</p>	 State Employees-Minnesota Management & Budget (MMB): 651.355.0100
		 University of Minnesota Employee Benefits Office: 612.624.8647 or 1.800.756.2363
		 Metropolitan Council-Benefits One Line: 651.602.1601
Minnesota Deferred Compensation Plan (MNDCP)	<p>Contact MSRS for plan information and payout options.</p>	 MSRS Retirement Specialist: 651.296.2761 or 1.800.657.5757
Health Care Savings Plan (HCSP)	<p>Payouts and reimbursements cannot begin until after you leave employment or retire.</p>	 MSRS Website: www.msrs.state.mn.us
University of Minnesota tax-sheltered benefit program	<p>Plan information & withdrawal options</p>	 University of Minnesota 612.624.8647 or 1.800.756.2363
Long-term Disability (LTD), The Hartford	<p>If enrolled, benefits begin after you have been totally disabled for six consecutive months, known as the elimination period.</p>	 The Hartford 952.656.6900 or 1.800.752.9713  www.thehartford.com

ADDITIONAL

Disability Benefit Information

Ongoing Disability Reviews

MSRS is authorized by Minnesota law to conduct ongoing reviews of your eligibility to receive a disability benefit. We will notify you by letter when a review is required. There are two types of reviews – a medical status review and an annual earnings review.

Medical Status Review

Following disability approval, you must submit medical records supporting the ongoing disabling condition once a year for the first five years, then once every three years until you reach normal retirement age. You must submit these medical documents for your disability benefit to continue.

MSRS will send you a *Disability Medical Status Review* form for you to complete and return. We will contact the medical provider you list on your form for information regarding your disability status.

If it is determined you no longer meet the definition of total and permanent disability as defined by Minnesota state law, your disability benefit will end. You may appeal this determination to the Executive Director by filing a written appeal within 60 days of the date of your denial letter from MSRS.

Annual Earnings Review

MSRS is required by law to monitor earnings from re-employment and workers' compensation payments on an annual basis. We will contact you when an earnings review is required.

If you resume employment while receiving a disability benefit from MSRS, the amount you may earn is limited. If you exceed the earnings limitation, your benefit may be affected. Contact MSRS for information regarding re-employment while collecting a disability benefit.

Income Taxes

All or most of your monthly benefit may be subject to federal and state income tax.

When you apply for a disability benefit, you can request that MSRS withhold federal and/or Minnesota state income taxes from your monthly benefit payments. If no tax withholding instructions are provided, federal taxes will be withheld at the standard rate of married with three allowances (regardless of your marital status). No state taxes will be withheld.

Reaching Full Retirement

If you are still disabled when you reach full retirement age, your disability benefit will convert to a regular retirement benefit. Your monthly payment amount will remain the same unless you change your benefit option from Single-Life to a survivor benefit.

Full Retirement Age Definition

Full retirement is the age you can collect an unreduced retirement benefit.

- If hired after June 30, 1989, full retirement is age 66
- If hired before July 1, 1989, full retirement is age 65

Note: Rule of 90 does not apply to disability.

Choosing a Survivor Benefit

At retirement, you have the opportunity to select a survivor benefit if you chose a Single-Life benefit when you applied for a disability benefit. See page 7 of this brochure for additional details about your benefit options.

Marriage Dissolution while Receiving a Disability Benefit

When a marriage dissolution occurs while receiving a disability benefit, a portion of your benefit may be awarded to your former spouse. Both parties are eligible for post-retirement increase(s) on their portion of the benefit. If a survivor optional benefit was selected when the disability benefit began, the optional benefit may be revoked if the revocation is addressed in the divorce decree or domestic relations order. Please contact MSRS for additional information.

Workers' Compensation

If you are receiving an MSRS disability benefit and qualify for workers' compensation, the workers' comp benefit may be reduced by the amount of the benefit you receive from MSRS.

Change of Address

It is important to notify MSRS of any temporary or permanent address changes to ensure all of our mailings reach you.



Call MSRS to change your address:
651.296.2761 or 1.800.657.5757



Download the *Personal Information Change* form from our website:
www.msrs.state.mn.us

Plans Administered by MSRS

Minnesota Deferred Compensation Plan

The Minnesota Deferred Compensation Plan (MNDCP) is a voluntary retirement savings plan available to all Minnesota public employees including state, city, county and school districts.

Contributions at Retirement

If you terminate employment or are approved for a disability benefit, you may be eligible for severance, vacation payout, or other payments associated with retirement. It may be possible to contribute some or all of these payments to your MNDCP. This allows you the opportunity to add to your retirement savings. Contact MSRS for more information.

Withdrawal Options

You may begin receiving payments from your MNDCP account 30 days after termination of employment or approval for a disability benefit. You have several flexible withdrawal options that are described in the *MNDCP Retirement Guide*.

Returning to Work

If you return to work as a Minnesota public employee because you are no longer disabled, you can elect to restart contributions to your MNDCP account. Please note, if you restart your contributions you will no longer be eligible to take withdrawals from your MNDCP account. Contact MSRS for more information.



Health Care Savings Plan

The Health Care Savings Plan (HCSP) is a tax-free, employer-mandated savings plan to be used post-employment for reimbursement of out-of-pocket medical expenses. Assets in the account accumulate tax-free and because they are used to reimburse eligible health care expenses, they remain tax-free.

Contributions to the Plan

Contributions to the HCSP are employer-mandated and written in a bargaining agreement or personnel policy. Only negotiated or agreed upon contributions are allowed. Contributions can be from a variety of sources including payroll deductions, severance, vacation payout when you leave employment, or mandatory leave payouts (for example, comp time).

Reimbursement Requests

Upon termination of employment or approval of a disability benefit, you are eligible to request reimbursements of medical expenses incurred since your termination date or the date your disability benefit began. Expenses can be incurred by you, your spouse, legal tax dependents or adult children up to their 26th birthday.

Returning to Work

If you return to State of Minnesota employment because you are no longer disabled, you may have limited or no access to your HCSP account. Contact MSRS for more information.

Forms & Information HCSP Welcome Packet

You will receive an HCSP welcome packet that includes information about the plan and investment options, as well as the forms to complete. The packet will be sent to you about four weeks after your employer remits an HCSP contribution and/or enters your termination date in the payroll system.

DISABILITY

Application Checklist

Contact an MSRS Disability Specialist to discuss the initial phases of the disability process when applying for a disability benefit. Use this checklist to guide you through the disability application process. There may be additional steps you need to take as part of this process.

- ☐ **Review the benefit estimate(s)**
included in the folder with this brochure
- ☐ **Review the survivor benefit options**
- ☐ **Contact any other retirement funds directly**
for more information if you have service with another Minnesota public pension plan such as PERA or TRA - you may be eligible for additional benefits
- ☐ **Contact your employer to discuss:**
 - Health care coverage
 - Life insurance options
 - Severance eligibility and if it will be paid in cash or contributed to your Health Care Savings Plan (HCSP)
- ☐ **Contact your local Social Security office**
to inquire or apply for a disability benefit
- ☐ **If you have long-term disability insurance,**
contact your provider to discuss payment and offsets
- ☐ **If you have a Minnesota Deferred Compensation Account (MNDCP),**
contact MSRS to discuss your distribution options following separation from service
- ☐ **Complete the optional *Direct Deposit* form** to have your monthly payment deposited into your financial institution on the first business day of each month
- ☐ **Complete the optional *Tax Withholding Election, Substitute Form W-4P* form** to withhold federal and/or Minnesota state taxes from your monthly benefit



Final Steps

Send completed forms and required documents to MSRS. All four forms must be received by MSRS in good order within **18 months of the date you terminate state employment**, as required by Minnesota law. Forms received after the deadline cannot be accepted and will result in a denied application for a disability benefit.

Complete (4) forms included with this brochure to apply for a disability benefit:

- ☐ ***Application for Disability Benefit*** – completed by you
- ☐ ***Employer Certification*** – completed by your employer
- ☐ ***Medical Statement*** – completed by a licensed, practicing physician
- ☐ ***Medical Statement*** – completed by a different medical professional

Gather required documents you must provide MSRS:

- ☐ **Photocopy of birth records** – required for you and your survivor
- ☐ **Photocopy of marriage certificate** – required, if applicable
- ☐ **Certified copy of divorce decree / domestic relations order** – required, if applicable

Submit Your Application Right Away

Submit your application for a disability benefit as soon as you are no longer working. You do not need to terminate employment. You may be on a paid or unpaid leave of absence. We strongly recommend that you **DO NOT** wait for your sick leave or vacation time to run out before submitting your application.



Notes

Contact Us – We're Here to Help

Questions?



Contact the MSRS Service Center:
1.800.657.5757 or 651.296.2761



Go online:
www.msrs.state.mn.us



Email us:
info@msrs.us



Make an appointment to speak
with a retirement specialist.

Locations

St. Paul - Main Office

60 Empire Drive, Suite 300
St. Paul, MN 55103
Monday – Friday
8 a.m. - 4:30 p.m.

Additional Offices

Addresses and hours of operation available online.

- Duluth
- Mankato
- St. Cloud
- Detroit Lakes