

Disability retirement



Dan Toth

In this article, I will discuss disability retirement for Federal Employees Retirement System (FERS) employees. While Civil Service Retirement System (CSRS) employees also have the option of disability retirement, they likely are eligible for greater benefits with an immediate annuity.

There are several requirements for FERS disability retirement. You must be in a position covered by FERS with at least 18 months of creditable service and become disabled. The following criteria must be documented:

- A deficiency in service with respect to performance, attendance or conduct, or, in the absence of any actual service deficiency, a showing that the medical condition is incompatible with either useful service or retention in the position;
- A medical condition that is defined as a health impairment resulting from disease or injury, including psychiatric conditions;
- A relationship between the service deficiency and the medical condition such that the medical condition has caused the service deficiency;
- The duration of the medical condition, both past and expected, and a showing that the condition, in all probability, will continue for at least one year from the date the application for disability retirement has been filed;
- The inability of the employing agency to reasonably accommodate the employee's medical condition;
- The agency's consideration of the employee for reassignment to any vacant position within the employing agency and commuting area, at the same grade or pay level, for which the employee is qualified.

FERS disability retirement can be applied for within one year of separation, and generally commences immediately following your last time in a pay status. One component of FERS disability is that you must also apply for Social Security disability. There is no obligation to be approved for Social Security disability in order to be accepted for FERS disability. In fact, it is not uncommon to be accepted for FERS disability and denied Social Security disability. This is because Social Security disability requirements are more restrictive.

To establish your claim, the Office of Professional Management (OPM) will consider the documentary evidence from you, the Postal Service and your physician. This includes Standard Form 3112, Documentation in Support of Disability Retirement and SF 3107, Application for Immediate Retirement. To request a disability retirement application, call the Human Resources Shared Service Center at 877-477-3273

(TTY 866-260-7507). In accordance with *CSRS FERS Handbook* Chapter 1, Subpart 1C3.1, the Postal Service must ensure that all records and supporting documentation will be received by OPM no later than 30 days after the date on which the employee files the application with the Postal Service.

OPM's review process can take months and sometimes takes longer than a year. For most applicants, this also means many months of no pay or annuity. So be sure to submit an application as soon as you determine that it is appropriate for you to do so. If you decide to withdraw your application, you must notify OPM in writing of the withdrawal request. The request to withdraw can be accepted if it is received by OPM before your application is approved or before you have been separated from the Postal Service, whichever comes later.

The computation of a FERS disability annuity is complicated. If you are age 62 or older at retirement or meet the age and service requirements for immediate voluntary retirement, you receive your earned annuity based on the general FERS annuity computation. Otherwise, for the first 12 months, the disability annuitant receives 60 percent of the high-3 average salary, minus 100 percent of his or her Social Security benefit. After the first 12 months, the annuitant receives 40 percent of the high-3 average salary, minus 60 percent of his or her Social Security benefit.

At age 62, the annuity is recomputed to an amount that essentially represents the annuity the individual would have received if he or she had continued working until the day before his or her 62nd birthday and then retired under FERS non-disability provisions. The high-3 average salary will be increased by all FERS cost-of-living increases paid during the time you received a disability annuity.

FERS disability annuitants under age 60 are deemed restored to earning capacity if earnings for any calendar year equal or exceed 80 percent of the current salary rate of the position they retired from. After age 60, there is no limit on earnings.

Cost-of-living adjustments are not payable for the first 12 months if under age 62, and the annuity was computed using 60 percent of the high-3 average salary. After the first 12 months, or after age 62, cost-of-living adjustments are payable.

Receipt of disability benefits from OPM and total or partial disability benefits from the Office of Workers' Compensation Programs (OWCP) at the same time is considered a dual benefit and is prohibited. The annuitant can elect to receive whatever benefit is more advantageous. However, receiving an OWCP schedule award and OPM benefits at the same time is not prohibited.

Disability retirement can be complicated and exacerbate a stressful time in life. Please reach out to the NALC Retirement Department if you have any questions. We can be reached by calling 800-424-5186 (toll free) Monday, Wednesday or Thursday, 10 a.m. to noon or 2 p.m. to 4 p.m. ET, or by calling the NALC Headquarters switchboard at 202-393-4695 Monday through Friday, 9 a.m. to 4:30 p.m. ET and asking for the Retirement Department.