

~ TRSL Disability Retirement ~



March 2010

# TRSL Disability Retirement

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**Dear Member:**

This publication has been created as a resource and reference guide for members of the Teachers' Retirement System of Louisiana (TRSL) who are considering applying for disability retirement and for those who have already retired under disability provisions.

In this booklet you will find detailed information on TRSL's disability retirement provisions, including disability benefit calculations, eligibility, medical re-examinations, and conversions to service retirement.

Please note that every effort has been made to ensure that the information in this publication is accurate. If the information should conflict with state or federal law, then the law must take precedence. State laws governing TRSL retirement are found in Louisiana Revised Statutes, Title 11, Sections 1-309 and 701-947, and the Louisiana Constitution, Article 10, Section 29.

The TRSL staff is available for counseling, and you are encouraged to talk with them about questions you may have about your retirement. Call us at 225-925-6446 or toll free (outside the Baton Rouge area) at 1-877-ASK-TRSL (1-877-275-8775).

**TRSL Board and Staff**

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## Member Access

You have secure, online access to your Teachers' Retirement System of Louisiana (TRSL) account information 24-hours a day through **Member Access** on our website. To register, just visit [www.trsl.org](http://www.trsl.org), click on the **Member Access** link, and follow the easy instructions. If you have any problems with registration, contact the TRSL HelpDesk at [support@trsl.org](mailto:support@trsl.org).

## Directions to TRSL's office

TRSL is located in Baton Rouge in the Louisiana Retirement Systems Building at 8401 United Plaza Boulevard, which is just off Essen Lane between Interstates 10 and 12.



**From Lafayette:** Exit I-10 and turn left on Essen Lane, or exit I-12 and turn right on Essen Lane;

**From New Orleans:** Exit I-10 and turn right on Essen Lane;

**From Hammond:** Exit I-12 at Jefferson Highway/Drusilla Lane, turn left on Drusilla Lane, then right on Jefferson Highway. Proceed to Essen Lane, and turn left.

Turn at the United Plaza Boulevard traffic signal on Essen Lane at the sign that reads: "LA RETIREMENT SYSTEMS BLDG."

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# Disability retirement

## What you need to know

TRSL offers a disability retirement pension which differs from disability insurance offered by private companies or employers. The disability retirement benefits from TRSL are a guaranteed income for as long as you are disabled and continue to meet the eligibility and recertification requirements for the benefit.

You should be aware that TRSL disability benefits are not normally provided for long-term disabling illnesses that do not prevent you from performing your current job, or are not considered to be permanent disabilities.

TRSL recommends that you talk to your insurance provider if you feel that you need disability protection beyond the scope of TRSL's disability retirement.

## Definition of disability

Physicians on the State Medical Disability Board (SMDB) review all medical information of a TRSL disability retirement applicant, and determine if the member will be approved for disability retirement benefits. In order for the applicant to be approved for disability benefits, the SMDB or Board-approved physician must find that "the applicant is totally incapacitated for the further performance of his or her normal duties and that the incapacity is likely to be permanent."

When applying this definition to a TRSL disability retirement, the applicant can have a disability or disabling condition and still not meet the requirements for disability benefits if the condition does not affect the performance of his or her job duties or if the condition is not likely to be permanent.

It is the applicant's responsibility to provide clear, convincing evidence that his or her disabling condition meets the criteria for disability retirement. Such evidence should include medical records (treatment records, MRI summaries, etc.) for the SMDB to review.

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# Disability retirement eligibility

## Eligibility criteria

TRSL members who have not retired or entered the Deferred Retirement Option Plan (DROP) may be eligible to apply for TRSL's disability retirement if the following eligibility requirements are met:

- have at least five years of eligibility credit in TRSL;
- have a condition that meets the definition for disability—the applicant is totally incapacitated for the further performance of normal duties, and the incapacity is likely to be permanent;
- provide clear, convincing evidence that the condition occurred or worsened while actively contributing to TRSL;

- apply for disability retirement within five years after terminating TRSL-covered employment, if an inactive member with less than 10 years of service with TRSL;
- submit a completed *Application for Disability Retirement* (Form 12) along with all required forms and relevant medical information; and
- terminate employment within 120 days of filing Form 12 (or after exhausting all sick and annual leave) if approved for TRSL disability retirement benefits by the State Medical Disability Board (SMDB).

**REMEMBER: Service credit purchased for disaster leave cannot be used to meet the five years of eligibility credit required for disability retirement.**



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# Applying for disability retirement

Given the time it takes to obtain all necessary medical records and required forms, the disability application process generally takes four to five months. Listed below is the step-by-step application process for a disability retirement.

## Step-by-step guide

### STEP 1: Member applies for disability retirement

The following forms and documentation are required to apply for a TRSL disability retirement benefit:

- *Application for Disability Retirement* (Form 12);
- *Disability Report by Supervisor* (Form 12A), including the applicant's job description if not a teacher;
- *Member Statement of Disabling Condition* (Form 12B);
- *Physician Report of Disabling Condition* (Form 12C, or Form 12C-P for Psychiatry), from **each** physician listed on Form 12B and any doctors to whom the applicant was referred; and
- medical records and treatment history documents showing that the condition occurred or worsened while applicant was actively contributing to TRSL.

### STEP 2: Member's disability application and medical information is sent to the State Medical Disability Board (SMDB) for review

TRSL must have all requested forms and documents before the file is sent to the SMDB. See Step 1 for a list of the required documentation.

### STEP 3: The SMDB evaluates the applicant's medical information and makes a recommendation to TRSL

The SMDB can render one of the following three decisions:

1. **Approve** the applicant for disability benefits;
2. **Deny** the applicant for disability benefits; or
3. **Request more information**, such as additional medical records or physician reports.

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#### **STEP 4: Request all forms and other verification documents not previously submitted**

- **Approval:** If the SMDB recommends approval for disability retirement, TRSL notifies the applicant of his or her approval and requests additional documents needed to calculate the disability benefit (such as birth certificates and Social Security cards for the applicant, minor child, spouse, and beneficiaries).
- **Denial:** If the SMDB denies the disability application, TRSL notifies the applicant of his or her right to appeal:
  - » **Appeal:** A second physician whose area of specialty most closely relates to the nature of the claimed disability reviews the applicant's disability case history and, in some cases, examines the applicant. The applicant must pay for the cost of this second review or examination.

**REMEMBER: All appeal physicians must be designated and approved by the SMDB.**

If the second physician agrees with the SMDB physician who first reviewed the file, then the disability application is denied and will not be provided further appeal other than through the courts.

If the second physician disagrees with the SMDB doctor and recommends approval for disability retirement, then a third physician is required to conduct an examination and review the case history. The majority opinion of the three physicians is final and binding for TRSL disability retirement.

If the third physician approves the applicant for disability retirement benefits, TRSL will reimburse the applicant for the cost of this third examination. The appeal process can take up to six months to complete.

If the applicant wins the appeal, TRSL will request additional documents from him or her and the employer (see Step 5) needed to calculate the disability benefit.

*NOTE: The applicant must terminate employment within 120 days of his or her application date (the day TRSL received the application). If the appeal process takes longer than 120 days, the applicant must terminate employment upon notification of approval for TRSL disability benefits.*

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### **STEP 5: Approved disability applicant placed on estimated payroll**

The approved member is placed on estimated payroll once **all** of the following documentation is received by TRSL:

- copy of member's Social Security card
- written verification of the member's termination date from the employer
- a completed and notarized *Disability Retirement Option Election* affidavit (only for members who are eligible for service retirement or who are Plan B members)
- any divorce decrees or death certificates of a prior spouse
- a completed *Direct Deposit of Benefits* (Form 15D)

*NOTE: Members retiring on or after January 1, 2002, must have benefit payments made by direct deposit, also known as electronic funds transfer (EFT).*

Members must be terminated from employment at least 30 days before being placed on payroll.

Allow approximately 60 days from approval date to receive the first benefit payment. The first benefit check is mailed, and all others are direct deposit.

### **STEP 6: Approved disability applicant's benefit calculation is finalized, and retroactive payments are issued**

Once TRSL receives all member and employer information, the final benefit amount will be computed. A retroactive payment will be made for any amount due back to the effective date of retirement after the final benefit calculations are completed.

**REMEMBER: The effective date of disability retirement is the date TRSL receives the disability application, or the day after the last day of work for which the member received pay, whichever is later.**

If a member should die within 30 days after the effective date of retirement, he or she will be treated as an active member at the time of death, and whatever survivor benefits or refunds due will be paid in accordance with state law.



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# Computing your disability benefit

## What you need to know

There are slight differences in the way the disability benefit is calculated for each of TRSL's three plans: Regular Plan, Plan A, and Plan B.

However, the disability retirement formulas for all plans take into consideration the member's years of service and final average compensation (FAC).

For members of the Regular Plan and Plan A, the disability benefit is also calculated by using the state's Teacher Minimum Salary schedule.

**ATTENTION: For TRSL's disability retirement formulas and sample calculations for each plan, see "Key disability provisions" starting on page 17.**

## Teacher Minimum Salary

The Teacher Minimum Salary schedule, which is set annually by the Department of Education, is used in TRSL's disability calculation formula for Regular Plan and Plan A members.

The formula is based on the salary a teacher with a bachelor's degree and no prior teaching experience would receive if no salary supplement is provided by the employer.

For the fiscal year 2008-09, the monthly teacher minimum salary is \$2,258.50. Therefore, anyone in the Regular Plan or Plan A who was approved for disability retirement benefits with an effective date of

retirement on or between July 1, 2009, and June 30, 2010, would have 40 percent of the \$2,258.50 used in his or her disability benefit calculation formula.

## Sick and annual leave

Accumulated sick or annual leave is not used in the computation of a disability retirement benefit unless the Regular Plan or Plan A member is eligible to receive a service retirement benefit.

Plan B members are eligible to receive credit for unused sick leave in the computation of their disability benefits, regardless of eligibility for service retirement.

See page 25 for more information on service retirement eligibility.

## Minor child portion of disability benefit

Retirees receiving a disability benefit who are members of the Regular Plan or Plan A and who have a minor child are eligible to receive an additional amount (called the minor child portion) equal to 50 percent of the disability base benefit, provided the retiree's total benefit does not exceed 75 percent of his or her final average compensation.

See "Key disability provisions" starting on page 17 for more information on disability base benefit.

Only one minor child portion can be added to the disability retiree's benefit, regardless of the number of eligible minors. The youngest eligible minor child will be used in the minor child portion. The minor child portion ceases when the child no longer meets the criteria for a dependent child. See the next page for the definition of a minor child.

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*NOTE: The minor child portion for a disability benefit is not available to Plan B members. Minor child benefits are payable from Social Security.*

### **Definition of minor child**

Louisiana law states that a minor child meets at least one of the following criteria:

- a natural or adopted child who is under age 21 and has never been married;
- a full-time student who is under age 23 and has never been married; or
- a permanently disabled child who became totally disabled prior to age 21 and who is certified as permanently disabled by the SMDB, and who has never been married. In order for a child to be certified as permanently disabled, the member must first be approved for disability retirement by the SMDB. Upon approval for disability retirement, TRSL will request an in-depth medical report on the child's condition for the SMDB to review.

The minor child portion cannot be paid separately to the child since this benefit is for the retiree who has a qualifying minor child.

### **Disability retirement beneficiary**

#### **Regular Plan and Plan A**

Members in the Regular Plan or Plan A who are approved for disability benefits can select an optional allowance for a beneficiary, if they are eligible for service retirement.

#### **Plan B**

Members in Plan B who are approved for disability retirement can select an optional allowance for a beneficiary, regardless of eligibility for service credit.

If the Plan B member is eligible for service retirement, his or her benefit will be calculated based on the service retirement provisions.

See page 25 for more information about service retirement eligibility.



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# Key disability provisions for

Regular Plan, Plan A, and Plan B

## TRSL Regular Plan: Key disability provisions

### Eligibility

- Five years of retirement eligibility credit (excludes disaster leave purchases)
- Disabling condition had to occur or worsen while actively contributing to TRSL

### Disability base

**Disability base = Lesser of (a) or (b), but not less than the lesser of (c) or (d)**

(a)  $2.5\% \times \text{Years of Service} \times \text{Final Average Compensation (FAC)}$  or

(b) 50% of FAC

**but not less than the lesser of**

(c) 40% of Teacher Minimum Salary or

(d) 75% of FAC

### Minor child portion

**Minor child portion =  $50\% \times \text{retiree's disability base}$**

- The sum of the disability base and the minor child portion cannot exceed 75 percent of FAC.
- The minor child portion ceases when the child no longer meets the definition of "minor child."
- The minor child portion is not paid separately to the child.

### Workers' compensation offset

If the member is not eligible for service retirement, the disability benefit is reduced when workers' compensation is more than the difference between the FAC and the disability base.

### Beneficiary

The member can choose a retirement option and beneficiary if he or she is eligible for service retirement.

### Sick and annual leave

Credit for unused sick or annual leave is given if the member is eligible for service retirement.

## Sample calculation

### Example: Regular Plan Member

A Regular Plan member has 10 years of service credit, a monthly final average compensation of \$3,083.33 (\$37,000 annually), and a minor child. If he retires on disability in the 2009-10 fiscal year, his disability retirement benefit would be computed as follows:

#### the lesser of

A)  $2.5\% \times 10 \text{ years of service} \times \$3,083.33 = \$770.83$

or

B)  $50\% \times \$3,083.33 = \$1,541.67$

#### but not less than the lesser of

C)  $40\% \text{ of Teacher Minimum Salary } (\$2,258.50 \text{ for } 2008/09) = \$903.00$

or

D)  $75\% \text{ of average monthly salary} = \$2,312.50$

Since (A) is less than (B) but not greater than (C), the disability base would be \$903.00 per month. (The monthly benefit is rounded to the nearest whole dollar when finalized.)

For part (C) of the calculation formula, the state minimum for a beginning teacher's salary is set annually by the Department of Education and is subject to change. See "Teacher Minimum Salary" on page 14 for additional information.

This member would also receive a monthly benefit of \$452.00 because he has a minor child (50% of \$903.00).

The total monthly benefit for the member with a minor child would be \$1,355.00.

## TRSL Plan A: Key disability provisions

### Eligibility

- Five years of retirement eligibility credit (excludes disaster leave purchases)
- Disabling condition had to occur or worsen while actively contributing to TRSL

### Disability base

**Disability base = Lesser of (a) or (b), but not less than the lesser of (c) or (d)**

(a)  $3.0\% \times \text{Years of Service} \times \text{Final Average Compensation (FAC)}$  or

(b) 50% of FAC

**but not less than the lesser of**

(c) 40% of Teacher Minimum Salary or

(d) 75% of FAC

### Minor child portion

**Minor child portion =  $50\% \times \text{retiree's disability base}$**

- The sum of the disability base and the minor child portion cannot exceed 75 percent of FAC.
- The minor child portion ceases when the child no longer meets the definition of "minor child."
- The minor child portion is not paid separately to the child.

### Workers' compensation offset

If the member is not eligible for service retirement, the disability benefit is reduced when workers' compensation is more than the difference between the FAC and the disability base.

### Beneficiary

The member can choose a retirement option and beneficiary if he or she is eligible for service retirement.

### Sick and annual leave

Credit for unused sick or annual leave is given if the member is eligible for service retirement.

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## Sample calculation

### Example: Plan A Member

A Plan A member has 16 years of service credit, a monthly final average compensation of \$1,166.67 (\$14,000 annually), and a minor child. If she retires on disability in the 2009-10 fiscal year, her disability benefit will be calculated as follows:

#### the lesser of

A)  $3.0\% \times 16 \text{ years of service} \times \$1,166.67 = \$560.00$

or

B)  $50\% \times \$1,166.67 = \$583.34$

#### but cannot be less than the lesser of

C)  $40\% \text{ of the Teacher Minimum Salary } (\$2,258.50 \text{ for } 2008/09) = \$903.00$

or

D)  $75\% \text{ of average monthly salary} = \$875.00$

Since (A) is less than (B), and also less than (D), the disability base would be \$875.00 per month.

See "Teacher Minimum Salary" on page 14 for more information.

This Plan A member will not receive a minor child portion in her disability benefit since the total benefit is 75% of her average monthly salary.

The total monthly benefit for the member would be \$875.00.

# TRSL Plan B: Key disability provisions

## Eligibility

- Five years of retirement eligibility credit (excludes disaster leave purchases)
- Disabling condition had to occur or worsen while actively contributing to TRSL

## Disability base

**Disability base = 2.0% × Years of Service × Final Average Compensation (FAC), but not less than 30% of FAC or more than 75% of FAC**

## Minor child portion

- No minor child portion
- Plan B members contribute to Social Security during their TRSL-covered employment; minor child benefits are covered by Social Security.

## Workers' compensation offset

If the member is not eligible for service retirement, the disability benefit is reduced when workers' compensation is more than the difference between the FAC and the disability base.

## Beneficiary

The Plan B member is eligible to choose a retirement option and beneficiary at the time of disability retirement, regardless of eligibility for service retirement.

## Sick and annual leave

Plan B members receive credit for unused sick leave at time of disability retirement, regardless of eligibility for service retirement.

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## Sample calculation

### Example: Plan B Member

A Plan B member with 7 years of service credit and a monthly final average compensation (FAC) of \$1,050.00 who retires on disability will have the following disability benefit calculation:

$$2.0\% \times 7 \text{ years of service} \times \$1,050.00 = \$147.00$$

### The disability benefit for a Plan B member cannot be:

(1) less than 30% of FAC (\$1,050.00) = \$315.00

or

(2) more than 75% of FAC (\$1,050.00) = \$787.50

Since the disability base of \$147.00 is less than 30 percent the of the final average compensation, this Plan B member's disability benefit will be \$315.00 per month.



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# Service retirement eligibility

## What you need to know

If you are eligible for service retirement at the time of your disability retirement application, you will be given estimates for both service and disability retirements from which to select.

If you select a disability retirement, you will be classified as a service retiree with a disability benefit type and will not be subject to the following requirements:

- periodic medical re-examinations
- disability annual earnings statements
- workers' compensation offset
- disability return-to-work provisions

*NOTE: The retiree will then become subject to the return-to-work provisions applicable to service retirees.*

You will, however, still be eligible for the minor child portion if you have an eligible minor child and you are a member of the Regular Plan or Plan A.

## Service retirement conversions

Any Regular Plan or Plan A member who retires on disability on or after January 1, 1996, will be classified as a service retiree with a disability benefit type once he or she meets regular service retirement eligibility. A retiree receiving disability benefits who has converted to service retirement will no longer be subject to the requirements listed above.

He or she will also be eligible to choose a retirement option and provide a benefit for a beneficiary in the event of his or her death.

If the retiree is a Plan B member, he or she was eligible to choose a retirement option at the time of his or her disability retirement. The retiree will not be converted to service retiree status, and will not be able to select a new retirement option or beneficiary.

Regular Plan and Plan A disability retirees who retired prior to January 1, 1996, will be converted to service retiree status only if they elect to choose a retirement option upon reaching service retirement eligibility.

If the retiree elects to remain on disability benefits and not select a retirement option, he or she will still be classified as a disability retiree, and will still be subject to the periodic medical re-examinations until age 60, the earnings limit provisions until age 70, and is prohibited from becoming employed in any employment in the field of education (public or private).

For more information about eligibility requirements for regular service retirement, see the publication, *TRSL Member Handbook: Regular Plan, Plan A, and Plan B*, available on the TRSL website at [www.trsl.org](http://www.trsl.org).

## Service eligibility

### Regular Plan

#### *Membership before July 1, 1999*

2.0-percent benefit factor	<ul style="list-style-type: none"><li>• Age 60 with at least five years of service credit, excluding military service purchased after September 10, 1982, or</li><li>• Any age with 20 years of service credit, excluding military service purchased after September 10, 1982</li></ul>
2.5-percent benefit factor	<ul style="list-style-type: none"><li>• Age 65 with 20 years of service credit, excluding any military service,</li><li>• Age 55 with 25 years of service credit, or</li><li>• Any age with 30 years of service credit</li></ul>

#### *Membership on or after July 1, 1999*

2.5-percent benefit factor	<ul style="list-style-type: none"><li>• Age 60 with at least five years of service credit, excluding military service purchased after September 10, 1982,</li><li>• Any age with 20 years of service credit (actuarially reduced), excluding military service purchased after September 10, 1982,</li><li>• Age 55 with 25 years of service credit, or</li><li>• Any age with 30 years of service credit</li></ul>
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### Plan A

2.5-percent benefit factor	<ul style="list-style-type: none"><li>• Age 60 with at least five years of service credit, excluding military service purchased after September 10, 1982,</li><li>• Age 55 with 25 years of service credit, or</li><li>• Any age with 30 years of service credit</li></ul>
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### Plan B

Plan B members are not eligible for service retirement conversions.

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# During disability retirement

## What you need to know

Disability retirees should know that there are certain laws that govern disability retirement, and failure to abide by them may result in the termination of disability retirement benefits.

The following information relates to required re-examinations and return-to-work provisions. Please familiarize yourself with these provisions to avoid interruption or termination of your disability retirement benefit.

## Re-examinations

In order to continue qualifying for disability benefits, disability retirees must undergo periodic medical re-examinations for the first five years after disability retirement and every three years thereafter until they become eligible for service retirement. If the member retired on disability prior to January 1, 1996, periodic medical re-exams continue to age 60.

*NOTE: Re-examinations are not required for disability retirees classified as service retirees.*

The medical re-examination will be at the retiree's own expense and by his or her own physician. TRSL notifies the retiree prior to the due date of the *Physician Annual Report of Disabling Condition* (Form 12D). A notification is sent July 1, and the form is due August 31 for each year that the retiree has a medical re-examination due.

## Exemptions

The SMDB may exempt a disability retiree from undergoing periodic medical re-examinations if the retiree's condition is terminal or if the chances of recovery are highly improbable.

## Return-to-work provisions

A disability retiree's benefit will be terminated if he or she becomes employed in the field of education, whether public or private, unless the disability retiree has converted to a service retirement.

A disability retiree, however, can have earnings outside the education field, but there is a limit on the amount he or she can earn.

**REMEMBER:** Disability retirees are encouraged to contact TRSL before accepting any type of employment to make sure they are in compliance with all return-to-work laws.

## Earnings limits

For disability retirees who have returned to work outside the field of education, earnings are limited to the difference between the final average compensation (adjusted for inflation) and the disability benefit.

The disability retiree is required to submit a notarized annual earnings statement by May 1 of each year until age 70, or until he or she converts to a service retirement, whichever comes first. These earnings statements must detail income earned from employment in the previous tax year.

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TRSL will suspend the benefit if the earnings statement is not received by the May 1 deadline, and the benefit is subject to cancellation if the notarized earnings statement is not received by December 31.

### **Workers' compensation**

Workers' compensation payments are considered income and are subject to the disability retiree's earnings limit. Therefore, any periodic workers' compensation benefits or lump-sum settlements must be reported to TRSL to determine if the workers' compensation payments exceed the retiree's earnings limit.

**REMEMBER: TRSL must be notified of any workers' compensation benefits at the time a disability application is submitted.**

If your income from workers' compensation exceeds your earnings limit and you are not eligible for service retirement (for disability retirees who retire on or after January 1, 1996), your **TRSL benefit will be reduced** so that you will not exceed your earnings limit.



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# Canceling your disability benefit

If you choose to cancel your disability benefit, you have several options:

- retire under service retirement provisions, when eligible
- return to active service
- regain active membership
- participate in DROP/ILSB, if eligible
- apply for a refund
- defer retirement until age 60

## Retire under service retirement provisions

You may choose to retire under regular service retirement provisions if you meet the eligibility requirements based on age and years of service. You will need to send TRSL an *Application for Service Retirement, ILSB, or DROP* (Form 11). Upon receipt of this application, TRSL will cancel your disability benefits.

Although there will be no break in benefits, there could be an interruption in the payments. Any missed benefits will be paid to you retroactively once you are placed on the benefit payroll for service retirement.

Your effective retirement date will be the first of the month following receipt of your application. The 12-month, return-to-work waiting period will begin on this new effective retirement date.

This provision applies to all who originally retired under disability, regardless of service retirement conversion eligibility.

**REMEMBER:** Once you change to service retirement, you cannot change back to disability retirement.

## Return to active service

If you return to work in the field of education with an agency that reports to TRSL, you can become an active contributing member again and start accruing additional service credit.

If you return to active service, you will need to send TRSL a written request to cancel your disability retirement benefit.

If you make contributions for at least three years after returning to active service, the period of time on disability will be counted as accredited service for the purpose of establishing eligibility for service retirement, but not for computing benefits. All service credit and retirement contributions you had at the time you entered disability retirement will be restored.

*NOTE: This return-to-active-service provision does not apply if you retired on disability on or after January 1, 1996, and you have already reached eligibility for service retirement.*

## Regain active membership

If you have converted to service retiree status, you can regain active membership in TRSL if you become employed again by an employer that reports to TRSL. (See “Service retirement conversions” on page 25.)

Under this provision, you will need to return all retirement benefits received since converting to service retirement status plus interest.

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You will also need to pay all employee contributions plus interest and all employer contributions plus interest for any TRSL-covered return-to-work employment since converting to service retirement status. Any disability benefits received prior to the date you converted to service retiree status will not have to be repaid.

After regaining active membership, you must remain in active service for an additional six years before your benefit can be recomputed. If you do not remain in active service for the additional six years required for a benefit recomputation, all employee contributions you made since regaining membership shall be returned to you (without interest) and the original benefit shall be resumed, including any cost-of-living allowances (COLAs) you would have received.

### **Participate in Deferred Retirement Option Plan (DROP) or retire with an Initial Lump-Sum Benefit (ILSB)**

To determine when you are eligible for DROP/ILSB, TRSL will calculate your retirement eligibility credit on the day after you complete three years of return-to-active service. If your eligibility credit on that day meets or exceeds the DROP/ILSB requirements, then your window for DROP participation begins that day and ends three years and 60 days later, or you can retire under the ILSB provisions.

If you return to work and are eligible to retire on the basis of your current age and years of service earned before disability retirement, your DROP window begins the day you return to work.

**REMEMBER: You must have at least 10 years of eligibility credit before you can participate in DROP or retire under the ILSB provisions.**

### **Apply for a refund**

If you send TRSL a written request to cancel your disability benefit but do not return to work in the field of education, TRSL will change your membership status to “Inactive” and restore your previous service credit and contributions. At that time, you will be eligible to apply for a refund of your accumulated contributions.

### **Defer retirement until age 60**

If you are not eligible for regular service retirement when you cancel your disability retirement, you can choose to delay your retirement until age 60 by sending TRSL a written request.

At that point, TRSL will change your membership status to “Deferred” and restore your previous service credit and contributions. You will then be eligible to draw a service retirement benefit effective the first of the month following your 60th birthday.

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# Death benefits

## Disability retirement on or after January 1, 1996

If a Regular Plan or Plan A member who retires on disability on or after January 1, 1996, dies *before* meeting the requirements for service retirement, survivor benefits are payable to the following:

- A surviving spouse married to the deceased disability retiree at least two years before the death of the disability retiree. The surviving spouse's benefit is 75 percent of the disability retiree's current base disability benefit (excluding any minor child portion). No benefits will be paid to any minor children during the lifetime of the surviving spouse. If the surviving spouse dies and leaves a minor child or children of the deceased disability retiree, applicable benefits will be paid to the minor child(ren).
- Minor child(ren) when there is no surviving spouse for the deceased disability retiree. The minor child(ren) will receive a total benefit not to exceed 50 percent of the base disability benefit (excluding any minor child portion). If there is more than one minor child, the amount will be divided equally among them.

If a Regular Plan or Plan A retiree dies *after* meeting the requirements for service retirement, beneficiary benefits are payable to the named beneficiary only, based on the option selected at service conversion, unless there is an eligible minor child(ren).

**REMEMBER:** If the named beneficiary is not the spouse, the election of the retirement beneficiary will be voided if there are minor children.

For Plan B disability retirees, there are no survivor benefits payable to a surviving spouse or minor child(ren). Survivors of Plan B retirees are eligible for Social Security benefits.

Since all Plan B disability retirees are eligible to select an optional allowance for a beneficiary at the time of disability retirement, beneficiary benefits will be paid to the named beneficiary only.

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## Disability retirement prior to January 1, 1996

If a Regular Plan or Plan A member who retired on disability prior to January 1, 1996, (1) dies *before* age 60, and (2) had at least 10 years of service \*, TRSL will pay survivor benefits according to the following provisions:

\*Time on disability counts as eligibility toward the total number of years requirement.

- Surviving spouse married to the deceased disability retiree at least one year prior to the disability retiree's death will be eligible for the greater of a monthly benefit at the 2.5-percent formula under Option 2 or \$600 per month.

*NOTE: Option 2 provides the largest monthly benefit possible for a retiree's beneficiary.*

- Surviving spouse with minor child(ren):
  - » Spouse portion will be the greater of 50 percent of the deceased retiree's maximum monthly benefit under service retirement at the 2.5-percent formula or \$600 per month.
  - » Minor child portion (maximum of two) will be the greater of 25 percent of the deceased retiree's maximum monthly benefit under service retirement at the 2.5-percent formula or \$300 per month.
  - » The combined spouse and minor child(ren) portions cannot be less than the Option 2 benefit at the 2.5-percent formula.

- C. Eligible minor children (maximum of two) will receive a survivor benefit equal to the greater of 25 percent of the deceased retiree's maximum monthly benefit under service retirement at the 2.5 percent formula or \$300 per month.

If a Regular Plan or Plan A retiree dies *after* reaching age 60, beneficiary benefits are payable to the named beneficiary only, based on the option selected at service conversion, unless there is an eligible minor child(ren).

*NOTE: If the named beneficiary is not the spouse, the election of the retirement beneficiary will be voided if there are minor children.*

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# Tax information for disability retirees

A disability retiree is liable for federal income tax on the full disability benefit until he or she reaches one of the following (whichever comes first):

- the earliest age at which he or she would have become eligible for service retirement if he or she had continued in active service, or
- at age 60.

At that time, the benefit will begin to include any nontaxable portion based on the amount of any unsheltered (after-tax) retirement contributions made. Unsheltered contributions are also referred to as recoverable or nontaxable contributions.

**REMEMBER:** Members who retired on disability prior to January 1, 1996, are liable for federal income tax on the full disability benefit until age 60.

For additional information on recoverable (nontaxable) contributions and federal income tax withholding, please refer to the *Retirement Benefits and Income Tax* Fast Facts information sheet on the *Publications* page of TRSL's website at [www.trsl.org](http://www.trsl.org).



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**All of TRSL's forms and  
publications are just  
a click away.**

Find them on our website at [www.trsl.org](http://www.trsl.org)

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