

## **DISABILITY OFFSET PROCEDURES**

**1.** Section 31 of the Retirement Ordinance provides that in no case shall the amount of a disability retirement allowance payable prior to age 65 years under the provisions of Section 30 exceed the difference between a percent of the disability retiree's final average compensation and the total of the following amounts:

- **a.** Worker's disability compensation, if any, on account of such disability, converted to an annual basis in accordance with such procedure as the Retirement Commission shall from time to time determine; plus
- **b.** Remunerations, if any, received for personal services rendered in any gainful occupation; plus
- **c.** Benefits, if any, from any program of salary continuance, sickness and accident insurance, disability insurance or similar coverage, financed in whole or in part by an employer; plus
- **d.** Benefits, if any, from the federal social security old-age, survivors, disability, and health insurance program on account of disability.
- **e.** The amounts of worker's compensation, sickness and accident insurance, disability insurance, and/or federal Social Security disability benefits shall be those that are effective as of the date the retirement system benefits commence. Any income mentioned herein that starts *after* the member's retirement date will also be considered.
- **f.** Across-the-board cost-of-living increases, such as Social Security adjustments, occurring after the date of retirement will *not* be considered.
- **g.** Changes because of an increase or decrease in number of dependents will be considered.
- **h.** Lump sum redemption of worker's disability compensation claim (exclusive of amounts allocated for specific medical expenses) will be considered in the calculation of pension benefits. That portion of a lump sum payment which is subject to offset shall be deemed to have been made in the amounts and for the period which would have been applicable in the absence of such single sum payment.
- **i.** Any changes in the duration or termination of the aforementioned benefits, other than cost-of-living increases, will necessitate a recalculation of pension benefits.

**2.** The County's Worker's Compensation administrator, all disability retirees and all duty death beneficiaries shall provide prompt notification to the Retirement Commission of all Worker's Compensation benefit payments and adjustments; Secondary Injury Fund benefits; Worker's Compensation redemption awards and Social Security disability benefit payments or adjustments.

- 3.** The annual disability retirement review process shall commence in April of each year. The Retirement Office will mail a written request for the disability retiree's prior year's income information (Certification of Earnings form- Form DIS.12) and an Internal Revenue Service Form 4506 - Request for Copy of Taxpayer's Return. The disability retiree shall authorize the Form 4506 by signature in the appropriate location and return it to the Retirement Office within 30 days of receipt.
- 4.** The Retirement Office Supervisor shall forward the Form 4506 to the Internal Revenue Service. The fee for processing shall be immediately payable from the assets of the Retirement System and be included with the Form 4506 remitted to the IRS.
- 5.** The Retirement Office Supervisor shall review the Certifications of Earnings Form and the taxpayer documents provided by the Internal Revenue Service to determine whether the disability retiree's disability retirement benefit is within the maximum allowable range under Section 31 of the Retirement Ordinance. The maximum allowable amount will be based on 90% of the final average compensation at the time of the disability retirement, with such percentage being increased by 2.5% annually, less any income sources set forth in Section 31 of the Retirement Ordinance, as listed in Item #1 above.
- 6.** The Retirement Office Supervisor will certify the results of the income review on the Income Review Work Paper and maintain that work paper as part of the retiree's permanent pension file. The taxpayer's information that was provided by the Internal Revenue Service will be shredded to maintain confidentiality unless there is a discrepancy or inconsistency which requires further action.
- 7.** If upon such income review it is determined that the disability retiree's disability retirement allowance exceeds the maximum allowable amount as set forth in Section 31 of the Retirement Ordinance, the information will be forwarded to the Retirement Commission's Actuary for calculation of the required actuarial adjustment of the disability pension.
- 8.** The Retirement Commission will approve any required actuarial adjustment at its next regular scheduled meeting and the Retirement Office Supervisor will send the Retirement Commission's Determination Resolution and a copy of the Genesee County Employees' Retirement System's Appeal Procedures to the individual within thirty (30) days of its determination. If no actuarial adjustments are required, the disability retiree will be sent a courtesy letter acknowledging such.

**9.** The Retirement Commission shall suspend the disability retirement allowance for retirant's who do not comply with the disability offset policy and procedures until such time as the disability retirant chooses to comply with the policy and procedures. The disability retirant will be notified by certified mail of any suspension action taken by the Retirement Commission within seven (7) days of such action.

**Adopted by the Retirement Commission on : December 13, 2004**