

**EMPLOYEES
RETIREMENT
SYSTEM OF
RHODE ISLAND
HANDBOOK**



Disability

Employees Retirement System of Rhode Island
40 Fountain Street
Providence, Rhode Island 02903-1854
401-222-2203 / Fax: 401-222-2430
Website: www.ersri.org

This booklet was prepared exclusively for use by members of the Employees Retirement System of Rhode Island. It is not intended as a substitute for the Rhode Island General Laws nor will its interpretation prevail should a conflict arise between the contents of this booklet and Chapters 16, 36 and 45 of the Rhode Island General Laws. Rules governing retirement are subject to change periodically either by statute of the Rhode Island Legislature or by regulation of the Employees Retirement Board of Rhode Island.

The information contained in this booklet is provided for Rhode Island state employees, Rhode Island public school teachers and general municipal employees of participating Rhode Island units of the Municipal Employees Retirement System. Different retirement rules and requirements apply to disability applicants, police & fire members, state correctional officers, and members of the General Assembly. Contact the Retirement Office for additional information if you are in one of these categories.

Third Edition: November 2006

Directions: ERSRI is located in downtown Providence, across from the Journal Bulletin. Take Exit 22/Downtown Providence off Route 95. Parking is available in nearby parking garages.

Table of Contents

General Information	4-5
Disability Retirement	6-7
Accidental Disability Retirement	8-9
Ordinary Disability Retirement	10-11
Applying for Disability Retirement	12-13
Post - Disability Retirement	14-15
Disability Health Benefits.....	16-18
Re-employment and Re-examination	19

Membership Information

What is the Employees Retirement System of Rhode Island?

The Employees Retirement System of Rhode Island is a contributory retirement system governed by Chapters 16, 36 and 45 of the Rhode Island General Laws. The plan provides retirement, disability and survivor benefits to state employees, public school teachers, and municipal employees who are employed by a participating municipality.

Who governs the Employees Retirement System of Rhode Island?

The Employees Retirement System of Rhode Island is governed by a retirement board. The Board, which meets the second Wednesday of each month, establishes rules and regulations for the agency. The Board also approves each application for disability benefits and hears appeals by members who have been aggrieved by an administrative decision of the executive director. Finally, the Board oversees the delivery of services and information to its membership of over 32,000 active members and close to 19,000 retirees. The retirement office staff is managed by an executive director who oversees a staff of 25 full-time employees.

The Board is composed of fifteen members chosen in accordance with Chapter 36 of the Rhode Island General Laws and is chaired by the General Treasurer. Its membership includes:

- General Treasurer;
- the director of administration or designee;
- the budget officer or designee;
- 2 appointees of the Governor, subject to Senate approval;
- 2 appointees of the General Treasurer, subject to Senate approval;
- President of the League of Cities and Towns or designee;
- 2 active state employees or union representatives elected by the state membership;
- 2 active teacher or union representatives elected by the teacher membership;

- municipal member or union representative elected by the municipal membership;
- 2 retired members elected by the plan retirees;

For those members elected by the membership or appointed by the Governor, the term of office is four years.

What services does the Employees Retirement System provide for its members?

• Annual Statements

Each year every active member of the retirement system will receive a statement regarding the amount of contributions he/she has within the retirement system. The statement will reflect the member's total contribution into the retirement system.

• Retirement Counseling Services/Outreach

Retirement counselors are available to meet with members in our Providence office as well as in various other locales around the state. Appointments to meet with a retirement counselor can be made by calling 401-222-2203.

• Newsletter

Active and retired members of the retirement system will receive the *Compass* newsletter updating them on issues such as pension legislation, option selection, and health insurance.

• World Wide Web

ERSRI's website is www.ersri.org From this site you can learn about our services, access your retirement account online, read our handbooks and newsletters, print out forms, and contact us via e-mail.

• Handbook Series

Membership & Retirement Handbook

Disability Handbook

Police & Fire Handbook

Copies of the publications are available upon request.

Disability Retirement

What happens if I should become permanently disabled while a member of the Employees Retirement System of Rhode Island?

If you should find yourself disabled and unable to work for an extended period of time, you may be eligible to receive disability benefits from the Employees Retirement System of Rhode Island.

Who can apply for Disability Retirement?

Only employed persons may apply for Disability Retirement. If you must terminate your employment, ensure that you have first filed your Disability Retirement Application with the Retirement Office.

The Retirement Office cannot process a Disability Retirement Application if you have terminated your employment.

Are there different types of disability benefits?

Yes, there are different types of disability benefits. Accidental disability benefits are available to those individuals who find themselves physically or mentally incapacitated as a result of their work. In other words, the individual's disability is causally related to his/her employment; and, but for his/her employment, the individual would not be disabled.

There are also ordinary disability benefits. You should apply for ordinary disability benefits if the reason for your disability is independent of your employment as a public employee.



Who makes the decision to grant disability benefits?

The Employees Retirement Board of Rhode Island makes the decision to grant disability benefits. However, in granting benefits they must adhere to the legal standard regarding disability found in the Rhode Island General Laws. In awarding an accidental disability benefit, the board must find:

that the member is physically or mentally incapacitated for the performance of service as the result of an accident while in the performance of duty. The disability cannot be the result of willful negligence or misconduct on the part of the member, nor can the disability be the result of age or length of service.

In reviewing an application for accidental disability, the Board will be particularly interested in the relationship between your disability and the accident which is said to have caused your condition.

The Retirement Board will examine all the documents you have submitted which relate to your accident or injury and in many instances will confer either by phone or in writing with your employer and those individuals who have witnessed the event.

In granting an ordinary disability benefit, the Board need only find:

that the member is physically or mentally incapacitated for the performance of duty and ought to be retired.

In every case of disability retirement, the Board is legally prohibited from granting you benefits unless you meet certain requirements described in this handbook.

Payment Options for Disability Retirement

You may receive your disability retirement benefit under the **SRA Plan** (Service Retirement Allowance, or 'regular' benefit), **Option #1** (Survivor option), **Option #2** (Survivor 50% option) You cannot elect the SRA Plus (Social Security Option) if you are receiving a disability retirement.

On the next page are the retirement options that are available to you as a disability retiree.

• SRA Plan (Service Retirement Allowance/)

The SRA Plan for accidental disability is based on sixty-six and two-thirds (66 2/3) percent of your annual compensation as a public employee at the time of your retirement.

The SRA Plan for ordinary disability is based on your years of service and average salary.

You receive a larger monthly benefit under the SRA Plan than you do under Option 1 or Option 2. Upon your death, however, all pension payments will stop. Furthermore, a retiree who selects the SRA Plan cannot change his/her retirement option after the date of retirement.

• Option # 1/Joint and Survivor Full

Option #1 provides that upon your death, your beneficiary will receive for his/her lifetime the same retirement allowance as you received. In order to finance this benefit, there will be an actuarial reduction in your benefit amount, which is determined by the age difference between you and your beneficiary. This means you will receive a lesser monthly benefit amount than under the SRA Plan during your lifetime; however, your pension will continue to be paid to your beneficiary after you die.



- **Option #2/Joint and Survivor Half**

Option #2 provides that upon your death, your beneficiary will receive for his/her lifetime a retirement allowance that is equal to *half* the monthly retirement allowance that you originally received. With Option #2, there is a lesser actuarial reduction than under Option #1.

Note on Changing Option #1 and Option #2

If you select Option #1 or Option #2 at the time of retirement, you have the right to change your retirement option *one time only to either Option #1, #2 or the SRA Plan*, provided that you and your beneficiary, if married at the time of your retirement, have not divorced or are not involved in divorce proceedings.

The one-time change is not individual to each option; for example, if you have Option #1 and change to Option #2, your right to change has been exhausted.

Please see the ERSRI Membership & Retirement Handbook for detailed information about the different retirement options.

Accidental Disability Retirement

Can anyone apply for accidental disability benefits?

Any state employee, public school teacher, or municipal employee who is contributing a percentage of his/her salary to the Employees' Retirement System of Rhode Island and who has not attained the age of sixty-five is eligible to apply for accidental disability benefits. There are no service requirements.

You must file your accidental disability application within 5 years of the date of the injury. If you are a state employee or teacher and you have a re-injury, your application must be filed within 3 years of the re-injury or aggravation.

What will I receive if I am granted an accidental disability retirement allowance?

If you are granted accidental disability benefits, you will receive a pension that is equal to two-thirds of your annual compensation as of the date of your retirement from service.

Example:

$$\$30,000 \times 66\frac{2}{3}\% = \$20,000$$

salary x accidental disability benefit = annual benefit



Ordinary Disability Retirement

Can anyone apply for ordinary disability benefits?

No. In order to apply for ordinary disability benefits, a member must have at least five years of contributing service, three of which must be consecutive. The applicant cannot be eligible for a regular retirement allowance.

What will I receive if I am granted ordinary disability benefits?

If you are granted ordinary disability benefits, you will receive a retirement allowance that is equal to what you would have received had you retired with the SRA Plan. If you have under 10 years of service, your ordinary disability benefit will be computed as if you have 10 years of service.

For State and Teacher members, Schedule A and Schedule B provisions apply:

- If you had 10 years of contributing service credit as of 7/1/05 your Ordinary Disability retirement will be according to Schedule A provisions.
- If you did not have 10 years of contributing service credit as of 7/1/05, your Ordinary Disability will be calculated under Schedule B provision.

Please see the ERSRI Membership & Retirement Handbook for detailed information regarding Schedule A and B benefit formulas, as well as several examples of each.

Here are some examples of Ordinary Disability benefit calculations.

Example: Teacher, Schedule A

The first example is a teacher with 17 years of service and an average salary of \$45,000 at the time of his retirement.

Service: 17 years

Average Salary at time of Retirement: \$45,000

Ordinary Disability Benefit/SRA:

First 10 years x 1.7% = 17%, next 7 years x 1.9% = 30.3%

30.3% x \$45,000 = \$13,635 yearly for life

Example 2: State Employee, Schedule B

This second example is a state employee with 7 years of service and an average salary of \$25,000 at the time of his retirement.

Service: 7 years (bumped up to 10 years)

Average Salary at time of Retirement: \$30,000

Ordinary Disability Benefit/SRA:

First 10 years x 1.6% = 16% Total Percentage

16% x \$30,000 = \$4,800 yearly for life

Example 3: Municipal Employee

This example is a municipal employee with 25 years of service and an average salary of \$35,000 at the time of his retirement.

Service: 25 years of service

Average Salary at time of Retirement: \$35,000

Ordinary Disability Benefit/SRA:

25 years x 2.0% = 50% Total Percentage

50% x \$35,000 = \$17,500 yearly for life



Applying for Disability Benefits

If you wish to apply for disability benefits, you should call the Employees Retirement System of Rhode Island at (401)-222-2203 and ask to speak with a retirement counselor. The counselor may recommend that you make an appointment, and will send you a Disability Retirement packet of information and forms.

Only employed persons may apply for Disability Retirement. If you must terminate your employment, ensure that you have first filed your Disability Retirement Application with the Retirement Office.

Should I resign my present position if I am going to apply for disability benefits?

No. You must be an active member of the retirement system in order to apply for disability benefits. Furthermore, should it be determined that you are fit and able to work, you do not want to lose other rights and benefits you may have as a result of your present position, your seniority, or local collective bargaining agreement. While you are applying for benefits, you may be eligible to receive sick leave benefits or in the case of accidental disability, Worker's Compensation payments. You may also want to purchase your Worker's Compensation time provided you are on an official leave of absence.

The Retirement Office cannot process a Disability Retirement Application if you have terminated your employment.

What happens after my disability retirement application is submitted?

If you apply for accidental disability, we will contact your employer to learn more about the injury or accident which led to your present state of disability.

You will have 90 days from the date you submit your disability retirement application to ERSRI to provide all the remaining required information listed below. You will be required to submit the following completed ERSRI forms and information:

- _____ Disability Retirement Application
- _____ Applicant's Physician's Statement
- _____ Copy of Job Description
- _____ Option Selection Form
- _____ Copy of Birth Certificate
- _____ Copy of Beneficiary's Birth Certificate (for Option 1 or 2)

The following, which you must submit to ERSRI, must be completed by your employer:

- _____ Employer's Statement of Disability
- _____ Injury Report (if accidental disability)

Once all preliminary information has been returned to our office and reviewed by our staff, we will then provide you with a list of physicians with whom you must make appointments for examination.

What can you tell me about the medical examinations?

Current Rhode Island law requires that every person applying for disability benefits be examined by three physicians. Medical panel exams are conducted by three physicians appointed and paid for by the Employees Retirement System of Rhode Island. The physicians selected to examine you will be knowledgeable in the area of your particular disability.

Where and when will the medical exams take place?

The retirement office will provide you with the names, addresses and phone numbers of three physicians . It is your responsibility to call and make an appointment with each of them.

Please be aware that the physicians may require you to be tested as part of the medical panel examination related to your disability; e.g. an exercise stress test may be required for a heart patient.

What happens after the medical exams are complete?

Each physician is required to submit a narrative regarding his/her examination of you, and to sign a certificate as to whether in his/her opinion you are disabled, and in the case of accidental disability, whether your disability is causally related to your injury or accident.

The Disability Sub-Committee of the Employees Retirement System of Rhode Island will then meet to review all of the evidence, both medical and non-medical, that has been filed regarding your case. The Disability Sub-Committee makes its recommendation to the full Retirement Board, who will then formally approve or deny the application.

What happens if the Disability Sub-Committee fails to certify that I am disabled?

If the Sub-Committee denies your request for a disability benefit, you may appeal and appear in person before the Disability Sub-Committee. The Sub-Committee will listen to whatever additional evidence you present regarding your case including any additional medical documentation which you have amassed.

Should the Disability Sub-Committee ultimately deny your case, the applicant may request a further appeal before the full Retirement Board.

Although it is not required, an applicant may choose to be represented by counsel before either the Disability Sub-Committee or the full Retirement Board.

After my case has been approved by the Board, how long will it take before I receive my first check?

You will receive your first check thirty to sixty days after your termination notice is received by this office. If necessary, a retroactive payment will be made back to your date of retirement.

What if I'm not sure I want to accept a disability benefit, after I've been approved?

You have 60 days from the date of your disability approval in which to terminate your employment and effectuate your retirement. If you do not terminate employment within that time, you will forfeit your benefit. Any future application for disability retirement will require completion of the entire disability application process again.



Post-Disability Retirement

What if I am receiving Worker's Compensation (WC) benefits at the time I am awarded accidental disability benefits?

If you continue to receive WC benefits after you have been awarded disability benefits, your disability benefit will be reduced by the amount of your weekly WC benefit. The Retirement Office will request information regarding your WC status.

Will I receive a Cost-of-Living Adjustment (COLA) on my disability retirement?

For entitled state and teacher retirees, those retiring under Schedule A will receive a COLA added to their monthly disability benefit check, effective January 1st of the third year of retirement; Schedule B retirees receive a COLA in accordance with the provisions of their Schedule B retirement, in the month following the third anniversary date of retirement.

Municipal employees receive a cost-of-living adjustment only if the municipality from which the member is retiring has adopted a COLA provision. If the COLA has been adopted, the municipal retiree receives a 3% cost-of-living adjustment on the next January following their retirement date. The 3% annual adjustment is not compounded.

Will I have to pay state and federal income tax on my disability benefit?

If you are a Rhode Island resident, you will have to pay state and federal income tax on Ordinary Disability benefits. Different rules may apply if you are a resident of another state.

You may complete the tax withholding section on your Disability Retirement application if you wish to have federal and RI State taxes withheld from your benefit.

Accidental disability benefits are non-taxable.

Can I have my check sent directly to my bank?

Electronic transfer of your check - direct deposit - is required. You will designate the receiving bank and account on your Disability Retirement Application.

Disability Health Benefits

What are my options for health coverage?

- **If you are a municipal employee**, your health coverage is arranged through your former employer. Please contact them for information.
- **If you are a teacher**, your employer may offer health coverage, or you may join a group health plan administered by the Office of Employee Benefits. If you join a plan offered by the Office of Employee Benefits, you will pay the full group rate for the plan of your choice, and premiums will be deducted monthly from your pension benefit.
- **If you are a state employee**, some or all of your retiree health care cost may be picked up by the State of Rhode Island. If you are receiving full coverage, the state will pay for a basic “active employee” health plan until age 65. If there is a choice of health plans offered by the state other than the basic plan, there may be an additional cost to you which will be deducted from your pension benefit.

At age 65, if you are entitled to 100 state-paid coverage, the state will pay for an over-65 plan used in conjunction with Medicare Parts A and B from Social Security. However, as a disability retiree you are entitled to remain on the “active” benefit plan and maintain vision and dental riders offered by the Office of Employee Benefits. For state retirees, the state will pay an amount equal to the cost of the basic over-65 plan while allowing you to remain on an “active employee” plan.

For state employee retirees only, the amount the state provides toward your health plan depends on the number of years you actually have credited in the retirement system when you retire (excluding any ‘granted’ service used to attain the minimum 10 years); see below:

Service Credit	Age	State-paid	Retiree-paid
10-15 years	60	50%	50%
16-22 years	60	70%	30%
23-27 years	60	80%	20%
28 years	under 60	90%	10%
28 years	60	100%	0%
35+	any age	100%	0%

At age 65 you must have Parts A & B of Medicare from Social Security to participate in an over-65 plan. The state share is as follows:

Service Credit	Age	State-paid	Retiree-paid
10-15 years	65	50%	50%
16-19 years	65	70%	30%
20-27 years	65	90%	10%
28+	65	100%	0%

Notes on Health Plans

The various health plans administered by the Office of Employee Benefits are subject to change due to contract negotiations by the State of Rhode Island.

Each year, the Office of Employee Benefits will notify eligible retirees of the Open Enrollment period, and provide information on the plans offered. You may switch plans during Open Enrollment if you desire.

If I don't wish to take the over-65 plan, will the state continue paying a portion of my insurance as a state disability retiree?

Yes, but what the state will pay after you turn age 65 is based on the cost of the over-65 plan.

For example, if you are 65 and entitled to 50% state-paid health, you may wish to remain on the "active" plan rather than taking an over-65 Medicare plan. If the over-65 base plan costs \$200 per month, the state will pay 50% of that cost, or \$100, toward the cost of the "active" plan. If the active plan is \$500 per month, your state-paid portion at 65 is \$100, and the plan will cost you \$400 monthly.

Will I pay any Medicare penalties if I stay on the “active” plan?

Medicare has its own rules in regard to when you must or may apply for their benefits, including Part D prescription coverage. Please check with that organization, as their rules and regulations regarding enrollment, coverage and penalties may affect your decision to enroll in a specific health plan. It is your responsibility to be aware of and understand the rules for your Medicare benefits.

Can I go with another health plan you don't offer?

Yes. If you have a health plan through the Office of Employee Benefits and find something better suited to your needs, you must cancel with the Office of Employee Benefits, in writing. Note that if you switch to a health plan outside those offered by the Office of Employee Benefits, the state will not pick up any percentage of the cost. The state will only pay a percentage, if you are entitled, of a plan offered by the state.

I don't like the health plan I switched to on my own. Can I switch back to a state plan?

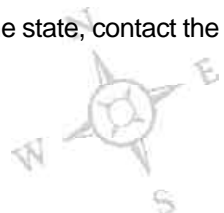
You can join or change health plans during any Open Enrollment. Open Enrollment dates are subject to change, but are typically held each November, with changes effective the following January.

How will I know when there's an Open Enrollment?

Eligible retirees will be notified by mail prior to each Open Enrollment by the Office of Employee Benefits. You will receive information on the health plans available and instructions on how to change or join plans. Also, you will be notified of any informational health seminars to be held during the Open Enrollment period. These seminars are staffed by the representatives from the health plans, and are an excellent opportunity for you to receive information on each plan's benefits and limitations.

Where can I find out more about the benefits?

For information on the benefits of plans offered by the state, contact the Office of Employee Benefits at (401) 222-3160.



Re-employment Restrictions

Are there any restrictions on what I may earn once I have been granted disability benefits?

Yes. The statute is intended to provide disability benefits only for those individuals who are permanently disabled from their employment and thus places financial restrictions on what you may earn each year in addition to your disability benefit.

You are subject to the general post-retirement employment restrictions for all ERSRI and MERS service retirees, such as the 90-day and 75-day rules; see the Membership & Retirement Handbook for information on these limitations. As a disability retiree, you will also be subject to a limit on the amount of money you can make while collecting your disability benefit.

Each year, you will receive a Continuing Statement of Disability from ERSRI that you must complete and return, and you must document your earnings for the past year.

How much money can I make and still be eligible to receive my full disability benefits?

Your total earnings including your disability benefit and your personal earnings cannot exceed the amount of compensation presently paid to the individual who holds the position from which you retired. For example, if you retired from a position as a PE teacher and that position presently pays \$48,000, your pension and your outside earnings may not exceed \$48,000. If you earn in excess of \$48,000, the overage must be refunded to ERSRI.

Yearly Re-examination

Once I am retired and collecting a disability retirement, will I ever be re-examined?

Yes. Once each year, the retirement board can require a disability retiree under 65 to submit to a medical examination. If the medical examination determines that the applicant can be engaged in a gainful occupation, his or her name can be placed on appropriate lists for qualified positions in his/her department.

Should a disability recipient refuse to submit to a medical examination, his or her benefit shall be discontinued until the recipient agrees to the exam. Should the recipient's refusal extend for more than one year, all rights to the disability award shall be revoked.

