



# Information for Disability Annuitants

*This pamphlet provides  
information of interest  
to persons who retired under  
the Civil Service Retirement  
System (CSRS) because  
of disability.*

U.S. Office of Personnel Management



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Previous editions are not usable

We provide retirement information on the Internet. You will find retirement brochures, forms, and other information at:

*<http://www.opm.gov/retire>*

You may also communicate with us using email at:

*[retire@opm.gov](mailto:retire@opm.gov)*

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## General Information

Disability retirement is a benefit that protects disabled employees who are not eligible for regular retirement against the loss of income.

Disability retirement is not a permanent benefit for individuals under age 60. If you have not turned 60 and you recover from the disabling medical condition, work in a position similar to the one held at retirement, or can earn income up to 80% of the rate of pay for the position you held at retirement, you are no longer eligible for disability benefits and your payments must stop. You are responsible for proving that you are still entitled to disability benefits if the Office of Personnel Management (OPM) asks for supporting documentation. If you do not provide proof, we will suspend your annuity payments until we have the documents we need.

**Important:** Civil Service Retirement System (CSRS) Offset retirees are subject to a reduction in their payments from OPM if the Social Security Administration (SSA) pays them a benefit and uses the CSRS Offset service to increase that benefit. ***You must apply for SSA disability payments if you are a CSRS Offset retiree. Since this may result in an overpayment from OPM, you should not spend any money you receive from SSA until your annuity from OPM has been reduced.*** You will need the SSA payments to reimburse OPM for the reduction which should have been made in the CSRS Offset annuity.

Your annuity is taxable income. For complete information about Federal tax on your annuity, you should request Publication 721, *Tax Guide to U.S. Civil Service Retirement Benefits*, from your local Internal Revenue Service (IRS) office or from the IRS website.

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## How to Contact OPM

If this pamphlet does not fully answer your questions, call the Retirement Information Office toll-free at 1-888-767-6738.

Customer Service Specialist are available Monday through Friday, from 7:30 a.m. To 7:45 p.m. Eastern time. They are not available on Federal holidays. If you use TDD equipment, call 1-800-878-5707.

Be sure to have your retirement claim number and personal identification number on hand when calling.

***Make use of Retirement Services Online*** - Log onto [www.serviceline.opm.gov](http://www.serviceline.opm.gov) to use your computer in a secure, pin-protected environment at your convenience to access information about your annuity payment or to make changes in your mailing and direct deposit addresses, change your Federal and State income tax withholding, view a statement describing your annuity payment, and much more. This is a time-saving tool you can use any time of the day or night.

We provide retirement brochures, forms, and other information on the Internet at <http://www.opm.gov/retire> and respond to emails sent to [retire@opm.gov](mailto:retire@opm.gov).

If you write to us, please be sure to state your questions clearly and give your full name, retirement claim number (CSA number), and date of birth. This allows us to identify the proper records promptly. Our mailing address for general correspondence is:

U.S. Office of Personnel Management  
Retirement Operations Center  
P.O. Box 45  
Boyers, PA 16017-0045

## Disability Annuity Computations

The amount of a disability annuity is determined by your age, length of service, and “high-3” average salary. The “high-3” average salary is figured using the highest rates of pay you received over any consecutive three-year period (normally the last three years before your retirement). A disability annuitant receives the *greater* of: (1) the amount obtained under the general formula for computing basic annual annuity or (2) the guaranteed minimum disability annuity. Generally, employees who can retire under the optional age and service provisions of the law receive the same annuity we would pay if they had retired on disability.

### General Formula

Your annuity computation is based on your “high-3” average pay and the length of your service:

Take: 1½ percent of your high-3 average pay and multiply by the result by 5 years of service.

Add: 1¾ percent of your high-3 average pay multiplied by your years of service between 5 and 10 years.

Add: 2 percent of your high-3 average pay multiplied by all your service over 10 years.

For example, if your high-3 average pay had been \$50,000 and you had 20 years of service, your basic formula computation would be:

\$50,000 x .015	=	\$750 x 5 years	=	\$3,750
\$50,000 x .0175	=	\$875 x 5 years	=	\$4,375
\$50,000 x .02	=	\$1,000 x 10 years	=	<u>\$10,000</u>
<b><i>Your annual annuity would be</i></b>				<b><i>\$18,125</i></b>

By law, your annuity is limited to 80% of your average salary. Generally, this point is reached after 41 years and 11 months of service. Your unused sick leave is converted into months and days and added to your other service. The formula uses the years and whole months only (30 days) of your total service.

We will reduce your annual annuity under the following circumstances:

1. You have creditable civilian service before October 1, 1982, during which no retirement deductions were withheld from your salary and for which you have not paid a deposit. A deposit is a payment to the retirement fund equal to the amount that would have been withheld from your salary if you had been subject to retirement deductions, plus interest. The annual reduction is 10 percent of the total deposit due.
2. You have creditable civilian service on or after October 1, 1982, during which no retirement deductions were withheld from your salary and for which you have not paid a deposit.

We will not use this service to compute your annuity unless you pay, in full, a deposit equal to the amount that would have been withheld from your salary if you had been subject to retirement deductions, plus interest. We will not use nondeduction service performed on or after October 1, 1982, to compute your annuity unless you pay the deposit in full.

3. You have creditable civilian service for which you took a refund of your retirement deductions and did not repay the deductions plus interest. We cannot use this service to compute your annuity.
4. You elect (or are required by a court order or the law) to provide survivor annuity benefits.

## ***Guaranteed Minimum***

The guaranteed minimum disability annuity is the *lesser* of the two following amounts:

- (a) 40 percent of your “high-3” average salary (which provides you with an annuity as if you had worked 21 years and 11 months), or
- (b) generally, the amount computed under the general formula after increasing your actual years of service by the time remaining between the date of your separation and the date you turn 60.

For example, if you were employed for 14 years before becoming disabled at age 48, you would add 12 years to your 14 years of service (age 60 - 48 = 12 additional years) to arrive at 26 years of service under (b). In this example, we would pay 40 percent of your average salary because it is the lesser of the two.

Because of the percentage and age limitations, the guaranteed minimum annuity offers no advantage to a retiring employee who has completed at least 21 years and 11 months of service or is age 60 or older.

## ***Military Retired Pay***

Annuitants who are receiving military retired pay or have waived military retired pay to receive compensation from the Department of Veterans Affairs are not eligible for the guaranteed minimum disability annuity (unless the military retired pay is based on a disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war or granted under Chapter 1223, title 10, U. S. Code [reserve retirement]).

## **CSRS Offset**

Annuitants with service subject to withholding for both the Civil Service Retirement System (CSRS) and Social Security will have their annuities reduced if the Social Security Administration (SSA) can pay them a benefit based on the portion of their Federal service which was under both systems. This is called “CSRS Offset” service. These employees ***must*** apply to SSA for benefits when they separate for disability retirement. We will ask SSA whether the individual has applied and is eligible for benefits. If SSA does not award a disability benefit and the individual is not yet age 62, we will inquire again when he or she turns age 62. Whenever SSA can pay a benefit (or increase a benefit otherwise payable) based on CSRS Offset service, the law requires that we reduce the monthly annuity we pay. ***We recommend that you do not spend any money you receive from SSA until we have reduced your annuity. You will need the SSA payments to reimburse the Office of Personnel Management for the amount you were overpaid. You must inform us when SSA determines you are eligible for benefits.***

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## **Periodic Medical Reviews**

Your disability annuity will stop if we determine that you recovered from the disabling condition.

If you retired because of disability and you are under age 60, we may periodically review your eligibility. Any disability annuitant under age 60 may have his or her eligibility reviewed at any time.

If we decide to review your case, we will contact you to request a current report from your physician concerning the status of the medical condition on which your retirement was based. We will also ask you about your current employment status. If you do not respond to our request for information, we will suspend your annuity payments. You may ask us for an extension if you need more time to respond to our request. It is important that we have your current address. If you move or change your mailing address, please notify us.

You must pay any expenses for current medical evidence to support your continued eligibility for disability retirement. Your annuity will stop at the end of one year from the date of the medical examination or report showing you recovered.

After you turn 60, we will review your eligibility only at your request. If you make such a request, you must furnish medical evidence showing you have recovered from the disability for which you retired. If we find you recovered, your annuity will stop at the end of one year from the documented date of your recovery.

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## **Earnings While Receiving Disability Retirement Benefits**

You can work and earn money while you receive disability retirement benefits. If you are under age 60, your disability annuity will stop if we determine that you are able to earn a certain income. This is known as being “restored to earning capacity.”

Each year in February, we send a questionnaire to all disability annuitants under age 60 asking about their earnings during the previous calendar year. This survey form is called “*Annuitant’s Report of Income.*”

Your earning capacity is restored if, in any calendar year, your income from wages and self-employment totals at least 80 percent of the current rate of base pay for the position from which you retired. The Office of Personnel Management (OPM) will determine the current rate of base pay to establish whether you have reached the 80 percent limit.

The current rate of base pay is the rate effective December 31st of the year for which you are reporting your income. Base pay is the amount subject to civil service retirement deductions, including locality payments, night pay for wage-grade employees, and certain types of premium pay for firefighters and law enforcement officers. It does not include bonuses, allowances, overtime pay, holiday or military pay, or night pay for General Schedule (GS) employees. Nor does it include territorial or foreign post differential pay except in those positions where such pay was specifically made a part of the basic salary. For most GS employees, it is the current pay rate for the grade and step at which you retired.

The Federal Employees Pay Comparability Act of 1990 provides for the establishment of local pay areas for GS positions. Regardless of where you live now, if you retired from a position with base pay set locally, basic pay is determined by the location from which you retired.

If we determine that you are restored to earning capacity, you will continue to receive disability annuity payments for 6 months from the end of the calendar year in which your income equaled or exceeded the 80 percent earnings limitation. Then it will stop. For example, if your income in 2008 exceeds the 80 percent limitation, your annuity will stop on June 30, 2009. If your income for a calendar year exceeds the 80 percent limit, we will notify you of the date your annuity will stop. If you appear to be immediately eligible for another type of annuity, we will send you an application for retirement along with the notice of termination.

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## **Reemployment in the Federal Service**

If your medical condition improves to a point where you want to go back to work in the Federal service, you can apply for a job. You may be reemployed in any position for which you are qualified. The law does not require your former agency or any other Federal agency to offer you a position.

If you are under age 60 and reemployed in either: (1) a position of different tenure, e.g., permanent vs temporary, or (2) a position of the same tenure but at a lower salary than the position from which you retired, your annuity will continue, but your salary will be reduced (see the note on page 10) by the amount of your annuity for the period of reemployment. You are still subject to the 80 percent earnings limitation. You must report your full salary (gross salary, not the reduced amount you receive), on the “*Annuitant’s Report of Income*” survey form. This reported amount will be used to see if you have exceeded the 80 percent earnings limitation.

If you are under age 60 and reemployed in a position similar in tenure and pay to the position from which you retired (such as a permanent full-time position at your old General Schedule [GS] level), you will be deemed to have recovered from your disability. Your annuity payments will stop when this finding is made. In this case, our finding of recovery is based on your employability in a Federal position that is similar to the position from which you retired.

If you are under age 60 and we are paying your annuity temporarily after you recovered or exceeded the 80 percent earnings limitation, your annuity payments will stop on the date you are reemployed in the Federal service, regardless of the type appointment you receive.

If you are reemployed after you turn 60, your annuity payments will continue and your salary will be reduced by the amount of your annuity. If you are age 60 or older, there is no limit on the amount of money you can earn. If you are reemployed in a permanent position with a salary equal to or greater than the current salary of the position from which you retired, you will not be deemed to have recovered because of employability unless you specifically request that we find you recovered. If you're found recovered, your disability annuity payments will stop when we make this finding.

**Note:** You *must* tell the agency in which you are seeking reemployment that you are a civil service annuitant. It is up to you to make sure the agency reduces your salary. If you are reemployed in the Federal service, you must also notify us. If possible, provide a copy of the personnel document showing your appointment or provide the full name and address of your employing agency. Be sure to give your retirement claim number (CSA number).

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## **Finding Employment in the Federal Service**

If we determine you are recovered or restored to earning capacity and you seek an appointment in the Federal service, you may be eligible for priority placement under the Interagency Career Transition Assistance Plan (ICTAP). “Priority placement” does not mean that your old agency will offer you your old job back or find a position for you. You may apply at any time after receiving a notice of recovery or restoration to earning capacity from us, but no later than one year after your annuity ends. For more information about ICTAP, ask us for a copy of form RI 30-46, *Reemployment Program*.

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## **Supplemental Annuity Because of Federal Reemployment**

If your annuity continues during Federal reemployment, you may be eligible for a supplemental annuity if your final period of reemployment consists of at least 1 year of continuous full-time service or continuous part-time service which equals at least 1 year of full-time service. You must pay a deposit to cover any reemployment service performed on and after October 1, 1982, (unless you elected to have retirement deductions withheld from your salary) to receive credit for the service when we compute your supplemental annuity.

If you complete at least 5 years of continuous full-time service or continuous part-time service equal to at least 5 years full-time service and you are eligible for an annuity based on your separation from reemployment service, you can choose to have your annuity recalculated under the law in effect when you leave Federal service instead of receiving a supplemental annuity. You must pay a deposit (unless retirement deductions were withheld from your salary) to cover the reemployment service to qualify for recalculated benefits.

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## **Future Annuity Rights**

If you recover from your disability or are restored to earning capacity, you will want to know about your future annuity rights.

### ***Immediate Annuity***

If your disability annuity stops and you are not reemployed in a Federal position with retirement coverage, you may qualify for an immediate discontinued-service annuity.

Your discontinued-service annuity will begin the day after your disability annuity stops; your health benefits and life insurance coverage will continue without interruption.

To qualify for such an annuity you must be at least age 50 when the disability annuity stops and have at least 20 years of service at the time of retirement or have 25 or more years of service regardless of age.

If you are eligible for an immediate discontinued-service annuity when your disability annuity stops, we will compute your annuity under the general formula based on your average salary and actual service at the time of your retirement for disability.

Your annuity will be reduced one-sixth of 1 percent for each month you are under age 55. Your new annuity will probably be less per month than the disability annuity because the computation will not include cost-of-living increases paid during your disability retirement. By law, cost-of-living increases are payable only to people entitled to receive an annuity when an increase is granted.

### ***Deferred Annuity***

If you do not qualify for a discontinued-service annuity and you have at least five years of service, you will be eligible for a deferred annuity that begins when you are 62. You will not be able to continue your health benefits and life insurance because of the interruption in payments.

However, you can convert your health benefits coverage and life insurance coverage to an individual contract.

Your deferred annuity will be computed under the general formula based on your average salary and actual service at the time of your separation for disability retirement. It will be less per month than the disability annuity.

### ***Reinstated Disability Annuity***

We can reinstate your disability annuity at the same rate in effect when it stopped if you meet the following conditions:

- If your annuity stopped because you were found restored to earning capacity, it may be reinstated effective January 1 following any calendar year in which your earning capacity falls below the 80 percent limitation, provided:
  - (a) You are not reemployed in the Federal service in any position under the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS), and
  - (b) You are not medically recovered from the disability for which you retired, and
  - (c) You are not age 62 or older. (If you are age 62 or older, you would be entitled to a deferred annuity instead of a reinstated disability annuity.)
- If your annuity stopped because we determined you recovered from your disability on the basis of medical evidence, we may reinstate it as of the date of a current medical examination showing that the disability for which you retired has recurred and that your condition is worse than it was when we found you recovered, provided:

- (a) You are not reemployed in the Federal service in any position under CSRS or FERS, and
  - (b) You are not age 62 or older. (If you are age 62 or older, you would be entitled to a deferred annuity instead of a reinstated disability annuity.)
  - (c) You are not restored to earning capacity.
- If your annuity stopped because we determined you recovered from your disability on the basis of your employability in the Federal service, you may apply for reinstatement of your disability annuity. You are eligible for reinstatement, provided:
    - (a) You are separated from your position within 1 year from the date you were reemployed because you cannot perform your job due to the same medical condition that forced you to retire originally.
    - (b) You are not restored to earning capacity.

A request for reinstatement must be supported by medical evidence. If you separated from the Federal service more than 1 year after your date of reemployment, we cannot reinstate your disability annuity. You have the same retirement rights as any other Federal employee with the same age, length of service, and type of separation. That is, you may qualify for annuity benefits only if you apply for retirement and you are eligible for an annuity.

**Note:** If you were found recovered or restored to earning capacity, we cannot reinstate your disability annuity if, after your annuity stops, you complete at least 1 year or more in a job with Civil Service Retirement coverage during any 2-year period. We cannot reinstate your disability benefits if you are employed in the Federal service and you elect to transfer to the Federal Employees Retirement System.

The reinstatement of your disability annuity terminates your right to any other annuity based on the same service unless you elect in writing to receive the other annuity instead of the disability annuity.

If we reinstate your disability annuity, you can reenroll in the health benefits and life insurance programs. To be eligible to reenroll for health benefits coverage, you must have been covered by a health benefits plan when your annuity ended. You may enroll in any health benefits plan for which you are eligible; you are not restricted to the plan you had when your annuity ended. To be eligible to reenroll for life insurance, you must have been covered when your annuity ended. Only coverage of the type and up to the amount in effect at that time can be reinstated. We will send you information concerning your reenrollment eligibility when we reinstate your disability annuity.

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## **Disability Annuity and OWCP Benefits**

If you receive a “scheduled award” from the Office of Workers’ Compensation Programs (OWCP), you may receive both the scheduled award and your annuity. A “scheduled award” is usually paid when an individual has a work-related disability resulting from the loss, or loss of use, of a function or member of the body (such as a hearing loss or the loss of an arm). However, if your compensation award is based on total or partial disability (i.e., a nonscheduled award such as a back injury or a neurological condition), you may *not* receive an annuity during the same period that you are receiving OWCP benefits. If you are receiving OWCP payments, you must promptly notify us of any change in the reason for your compensation award (for example, your benefit is changed from a scheduled award to a nonscheduled award).

You will have to reimburse the Office of Personnel Management (OPM) for any annuity payments you were not entitled to. It is your responsibility to minimize any overpayments by notifying us promptly.

You should be aware that if you take a refund of your contributions to the Civil Service Retirement and Disability Fund while you are receiving payments from OWCP, you have terminated **all** your future annuity rights. This means that if OWCP should ever terminate your benefits, you cannot receive retirement benefits from OPM. Taking a refund also terminates the Civil Service Retirement System survivor annuity benefits for your spouse and your children.

If you die while your annuity is suspended because of OWCP compensation and your survivors are not eligible for death compensation benefits from OWCP, they may receive a Civil Service survivor annuity, if they are eligible. If your survivors are eligible for both compensation and Civil Service survivor annuity benefits, they must elect which one they want to receive. A survivor's election to receive death compensation instead of Civil Service survivor annuity will terminate that person's right to survivor annuity benefits. If your eligible survivors are entitled to compensation under a "scheduled award" or due to a third-party settlement, they may receive both survivor annuity and compensation benefits or the third-party settlement for the same period of time.

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## **Cancellation or Waiver of Annuity**

You cannot cancel your disability retirement or change it to a non-disability annuity. The Office of Personnel Management (OPM) can terminate your benefit only if you recover from your disabling condition, are employed in a Federal position equivalent to the one held at retirement, or become capable of earning income fairly comparable to the current pay of the position from which you retired as this pamphlet explains. You may ask us to make a recovery finding at any time. In addition, you have the right to decline to accept all or any part of your annuity by sending a signed waiver to OPM. You may revoke your waiver at any time in the future by again writing to us, but you will not be able to recover the annuity amounts you previously waived.

## **Related Information and Publications**

We hope this pamphlet has helped you. If you have other questions about disability retirement, you may call the numbers listed on page 2, write us, or contact us on the Internet.

Please be sure to provide your retirement claim number (CSA number) and date of birth to allow us to identify your records promptly.

The booklets listed below offer information about their respective topics. If you wish to request one or more of these booklets, please let us know.

<b>Title</b>	<b>Publication Number</b>
Information for Annuitants	RI 20-59
Information for Survivor Annuitants	RI 25-26
Information for Retirees and Their Families About the Federal Employees' Group Life Insurance Program	RI 76-12
Information for Retirees and Survivor Annuitants About the Federal Employees Health Benefits Program	RI 79-2

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# Notes



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