

Your Disability Benefits

As a member of the Defined Benefit Program, you have disability protection under one of the CalSTRS disability benefit programs: Coverage A (disability allowance) or Coverage B (disability retirement). Find your coverage on your *Retirement Progress Report*.

You may be eligible for a disability benefit if you meet:

- The eligibility requirements, including age, service credit and timelines for application and medical documentation.
- The definition of disabled as established for CalSTRS by the California Education Code and have a medically determined physical or mental impairment that is permanent or expected to last at least 12 continuous months. The impairment must prevent you from performing:
 - » Your usual duties with or without reasonable modification from your employer.
 - » Duties of a comparable level to your usual duties, which you are qualified for or can become qualified for in a reasonable period of time with education, training or experience.
 - » Employment at a comparable level at which you can earn at least 66⅔ percent of your final compensation.

If you were disabled while on active military duty and are unable to return to CalSTRS-covered employment, you may apply for a CalSTRS disability benefit if you meet the other eligibility requirements.

You can apply for service retirement and disability at the same time if you are otherwise eligible to service retire. This will enable you to receive a monthly retirement income while your disability application is being evaluated.

- You'll find the *Disability Benefits Application* in *Your Disability Benefits Guide* at CalSTRS.com/publications.

Applying for a Disability Benefit

If you're considering applying for a disability benefit, learn about your choices and important considerations. For instance:

- If you return to work and later retire, your benefit will be calculated differently than if you had not received a disability benefit.
- If you're age 55 or older and have 25 years or more of service credit, you may want to consider a service retirement instead of a disability benefit.

A benefits counselor can help you make an informed decision. When scheduling an interview, let the scheduling coordinator know you wish to discuss a disability application.

- CalSTRS.com/counseling

Coverage A or Coverage B

You have disability benefits under Coverage A or Coverage B.

If you became a CalSTRS member on or after October 16, 1992, you are covered under Coverage B. If you were a CalSTRS member on or before October 15, 1992, you remain under Coverage A unless you elected Coverage B before April 1993.

You should apply for a disability benefit before you exhaust other benefits available to you.

Steps in the Disability Application Process

Before beginning the disability application process, talk with a CalSTRS benefits counselor. However, if you cannot talk with a counselor right away or if you prefer not to talk to a benefits counselor, do not delay submitting your application. The date CalSTRS receives your application can affect your eligibility, the effective date of your benefit, or both. You may talk to a benefits counselor any time during the process and withdraw your application later, if you choose to do so.

Steps in the application process include:

1. Request the *Your Disability Benefits Guide* booklet, which includes the *Disability Benefits Application*.
2. Submit your completed application and any pertinent documents to CalSTRS in person or by mail. The date CalSTRS receives your application may establish your benefit effective date. If approved, your disability benefit will go into effect on whichever date occurs later:
 - » The first day of the month CalSTRS receives your completed application.
 - » The day after your last day of compensation, including sick leave and subdifferential pay.
3. CalSTRS receives and acknowledges receiving your disability application.
4. CalSTRS reviews your application and eligibility and mails you requests for medical and other required documents.
5. CalSTRS receives your information and sends follow-up requests for missing or additional documents.
6. CalSTRS verifies the employment information you provided in your completed application.
7. CalSTRS notifies you if an independent medical examination or an independent vocational evaluation must be scheduled.
8. CalSTRS reviews all the information submitted and determines if you qualify for a disability benefit.
9. CalSTRS sends you written notification when we reach a decision on your application.

Don't delay submitting your application while waiting for your medical documents. You may submit medical documents after CalSTRS receives your application.

Reasonable Accommodation

Sometimes modifications in your work environment can enable you to continue working. Making such adjustments is known as reasonable accommodation. Federal and state laws require employers to make reasonable accommodations for employees. CalSTRS may require you to request reasonable accommodation from your employer as a condition for receiving a disability benefit.

If you have questions about reasonable accommodation, contact your school district.

When to Apply

You can submit the *Disability Benefits Application* while you're working or receiving sick leave or subdifferential pay from your employer. Your disability benefit effective date cannot be earlier than the first day of the month CalSTRS receives your application, but it must be later than the last day of service for which you are paid.

You should apply for a disability benefit before you exhaust other benefits available to you.

You can submit an application if you're not working if you meet one of the following conditions:

- You apply within four months of terminating your CalSTRS-covered employment unless termination was due to a change of position and subsequent election of membership in the California Public Employees' Retirement System and you're not yet vested in CalPERS.
- You apply within four months of your last day of actual performance of service if you're on a personal leave of absence.
- You apply within 12 months of your last day of actual performance of service if you're on an employer-approved leave to study at an approved college or university.
- You have been physically or mentally incapacitated from performing service, and the incapacity has been continuous from your last day of actual performance of service.

For more information, visit CalSTRS.com or contact CalSTRS to request a disability interview with a benefits counselor. Conservators, guardians or others caring for a physically or mentally incapacitated CalSTRS member are also encouraged to contact us to determine if the member qualifies for disability benefits.

The Application Review Process

Processing times vary depending on individual cases. To avoid processing delays, submit a complete and properly signed application. You'll need to provide additional information, including medical records, hospital reports and employer-related information. You are responsible for submitting the medical documents and paying any fees charged for providing information to us.

If additional medical information is necessary, CalSTRS may schedule an independent medical examination. We will notify you if this is necessary and pay for the examination and any reasonable related costs.

You can apply for service retirement and disability at the same time if you're eligible to retire, so you may receive a monthly retirement income while your disability application is being evaluated. See next page.

Service Retirement During Evaluation of a Disability Application

If you're eligible to retire from service, you may wish to receive a service retirement benefit while your application for disability benefits is being evaluated. To learn more, visit CalSTRS.com or contact us for the booklet, *Your Disability Benefits Guide*, which includes the *Disability Benefits Application* and important considerations.

If your application for disability is approved, your service retirement benefit will be canceled and retroactively converted to a disability benefit.

Important Things to Consider

Before you apply for a service retirement benefit while your disability benefit application is being evaluated, consider the following:

- You'll remain retired from service if your application for disability is rejected.
- The election that you make for your service retirement benefit will remain in effect if your application for disability is not approved. For example, if you elect a Member-Only Benefit and begin receiving a service retirement benefit, your Member-Only Benefit will continue.
- If you receive a service retirement benefit while your disability application is being evaluated, you will:
 - » Not be eligible to participate in the Reduced Benefit Election.
 - » Not receive credit for unused sick leave before an evaluation is made regarding your application for disability. If your application for disability is rejected, your service retirement benefit will be recalculated to include your eligible unused sick leave, adjusted to the effective date of your service retirement.
- If you receive a service retirement benefit during evaluation of your application and you die before a determination is made, any subsequent benefits payable will be based on your service retirement elections.
- If your application is rejected and you remain on service retirement, you will not be eligible to reapply for a disability benefit unless you terminate your service retirement, return to CalSTRS-covered employment and earn one year of service credit. In that case, any physical or mental conditions known to exist when you return to active membership may be considered pre-existing conditions, and you would not be able to apply for a disability benefit for those conditions if they remain substantially unchanged.
- If your application for a disability benefit is rejected you may still be eligible to request an administrative appeal.

Independent Vocational Evaluation

An independent vocational evaluation may be required to determine if you can perform your essential core duties at a comparable level. Duties of a comparable level are defined as any job that you may be qualified to perform that will provide earnings of 66⅔ percent or more of your indexed final compensation.

The independent vocational evaluation usually begins with an interview with a vocational consultant. The consultant will discuss your job history and residual functional capabilities and limitations. Your employer may be interviewed to determine if your job can be modified and to see if reasonable accommodation would allow you to continue working.

Notification

CalSTRS will notify you in writing after we reach a decision on your disability application.



Application Approval

If we approve your disability application and you're still working, you must stop working before we can begin paying your benefits. If you do not stop working within 90 days of being notified of the approval, CalSTRS will reverse the approval and reject your application.

You should receive your first disability benefit payment within 45 days after we receive all necessary information. The payment will include any retroactive disability payments due. After receiving your first payment, you'll receive a regular disability payment on or about the first day of each month. We will notify your employer that your application was approved.

Prescribed Treatment Program

If your disability is amenable to treatment that could allow you to perform your usual duties or those of a comparable level, you may be required to participate in a prescribed treatment program developed by your attending physician.

Limited-Term Disability Benefits

If your condition is expected to improve with mental, physical or vocational rehabilitation, you may be approved for limited-term disability benefits. These benefits are granted for a specific time period and can be renewed if your condition does not improve.

Vocational Rehabilitation Program

The CalSTRS Rehabilitation Program provides services to certain members receiving a disability benefit. If CalSTRS determines you are a potential candidate for its rehabilitation program, a vocational consultant will conduct an independent vocational evaluation to assess your current capabilities and limitations. The consultant will work with you to develop a rehabilitation plan with the goal to help you return to a comparable level of employment.

You are required to make a good faith effort in developing a rehabilitation plan. Upon approval of your plan, CalSTRS will pay reasonable costs for tuition, fees, books and materials related to a college or vocational training program, transportation, job placement assistance and other activities that prepare you to return to a comparable level of employment.

If your medical condition worsens and you cannot continue your vocational rehabilitation program, your benefit will not be terminated.

Benefits to Survivors

If you are approved for disability benefits and die before receiving notification of your approval, any subsequent benefits will be paid as if you had died while receiving disability benefits.

Application Rejection

If your disability application is rejected, CalSTRS will send you a letter explaining the reason and your right to reapply, request a review or appeal.

Reapply

If you have additional or new information you did not submit in your original application, you may be able to reapply. Your benefit effective date then will be based on the date we receive your second application or your last day of compensation, whichever is later.

If you receive a service retirement benefit during evaluation of your disability application, you will not be eligible to reapply. Once you retire from service, you're no longer eligible to apply for a disability benefit.

Executive Review and Right to Appeal

An Executive Review is an internal, high-level review of your application and the initial decision. Not every case merits an Executive Review. If you are not satisfied with the outcome of the Executive Review, you may request an administrative appeal.

- See “Your Rights–The Appeals Process,” page 100

Coverage A Disability Benefit

The Coverage A disability benefit (disability allowance) is generally 50 percent of final compensation.

The Coverage A disability benefit will be paid as long as you remain disabled or until you reach age 60. At age 60, your disability benefit will end and you must apply for service retirement to receive a monthly benefit. Your disability benefit may continue beyond age 60 only if you have eligible dependent children and remain disabled.

To qualify for a disability benefit under Coverage A, you must meet the following requirements:

- You must be under age 60.
- You must have five or more years of service credit. (If you were the victim of an unlawful act on the job, you may qualify for a disability benefit with one year of service credit. For more information, contact us.)
- Your last five years of service credit must have been performed in California. Four of the five years of service credit must be for actual performance of creditable service. You must have earned at least one year of service credit following a service retirement termination, or following the most recent refund of your accumulated contributions.

If you plan to reinstate to active member status, first make an appointment with a CalSTRS benefits counselor to discuss important considerations, including how your future benefits may be affected.

Benefit Increase for Eligible Dependent Children

If you have eligible dependent children, you'll receive an additional 10 percent of final compensation for each child, up to an additional 40 percent.

A child is considered to be your dependent if, on your effective date of the disability benefit, he or she is all of the following:

- Not married or registered as a domestic partner.
- Is your natural, adopted or stepchild, and is not adopted by anyone other than your spouse or registered domestic partner.
- Born within the 10-month period beginning on your benefit effective date of your disability benefit.
- Under age 22.
- Financially dependent on you.

When your child reaches age 22, marries, registers as a domestic partner or dies, your monthly benefit will be reduced by that child's portion.

Defined Benefit Supplement Distribution

If you are approved to receive a disability benefit under Coverage A, you will receive the balance of your Defined Benefit Supplement account. If your balance is \$3,500 or more, you can choose from one of several annuities.

- See "Your Defined Benefit Supplement Distribution," page 56

Reductions To Your Disability Benefit

Your monthly Coverage A disability benefit, including the amount received for eligible dependent children, will be reduced by payments from other public systems, including:

- Workers' compensation.
- Social Security disability.
- Federal military disability.
- Employer-paid income protection plans.
- Other disability programs financed with public funds.

Periodic Review

CalSTRS will periodically review your medical and work status for continuing eligibility for disability benefits. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment.
- An annual inquiry about other disability benefits.

As part of the review, CalSTRS may ask you to verify your earnings with documentation from the Employment Development Department, your employer and your tax returns.

Notify us if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in benefits from another public agency or the benefits end.
- Have a child who marries, becomes a registered domestic partner or dies.

Preretirement Election of an Option

A preretirement election of an option may be available if you want to ensure a monthly lifetime income to someone if you should die before retirement. You are not required to change or cancel a preretirement election of an option to be eligible for a disability benefit. If you're not eligible to elect a preretirement option at the time you apply for disability benefits, you may make a preretirement election of an option while receiving a disability benefit after reaching age 55.

- See "Protecting Your Survivor With a Lifetime Benefit," page 52

A survivor benefit under Coverage A will not be payable if you made a preretirement election of an option. Instead, your option beneficiary will receive a lifetime benefit based on your preretirement election of an option.

- See "Survivor Benefits," page 75

Keep CalSTRS informed of events that may affect your eligibility to avoid overpayment of benefits.

Transitioning to Service Retirement at Age 60

Approximately six months before your 60th birthday, we will notify you of the pending termination of your disability benefit and your eligibility to apply for service retirement. The notification includes an estimate of your service retirement benefit and the *Service Retirement Application*. If you still have eligible dependent children, you'll continue to be eligible for a disability benefit.

Before calculating your service retirement benefit, we'll project your service credit through the duration of your disability. The final compensation used for your disability benefit will be projected forward at the rate of 2 percent per year. Your retirement benefit will be calculated using your actual and projected service credit and projected final compensation. You will receive either the service retirement benefit or the disability benefit you were receiving before your 60th birthday, whichever is less.

You also may elect the Modified Benefit for your service retirement benefit by naming an option beneficiary. If you have a preretirement election of an option on file, you may change your option election when you transition to service retirement. However, if you do make a change, your service retirement benefit will be reduced for life.

Single-Month Earnings Limit

Margaret has a base disability benefit of \$1,500 and employment earnings of \$2,075 in a single month. Her employment earnings plus her disability benefit exceed 100 percent of her indexed final compensation (\$3,100).

\$1,500	Disability benefit and annual benefit adjustments
+ 2,075	Monthly employment earnings
= 3,575	Total monthly income
- 3,100	Indexed final compensation
= \$475	Overpayment, which CalSTRS will recover

Six-Month Earnings Limit

Bob earns \$2,075 monthly from employment earnings over any continuous six-month period.

\$3,100.00	Indexed final compensation
x .66667	66 $\frac{2}{3}$ %
x 6	Months
= \$12,400.06	6-month earnings limit
\$2,075.00	Monthly employment earnings
x 6	Months
= \$12,450.00	6 mos. employment earnings
- \$12,400.06	6-month earnings limit
= \$49.94	Earnings in excess of 6-month earnings limit, which CalSTRS will recover

Coverage A Earnings Limits You can earn income while you're receiving a Coverage A disability benefit. You can teach under certain employer conditions, but you cannot earn CalSTRS service credit or contribute to CalSTRS while receiving a disability benefit. Two earnings limits apply:

Single-Month Earnings Limit Your disability benefit, including cost of living adjustments but not including any child's portion or restrictions for other public benefits, plus your earnings from all employment is compared to your indexed final compensation. A comparison is made to determine if your earnings exceed the single-month earnings limit. If your earnings exceed the limit, the excess amount is considered an overpayment and CalSTRS will collect it back by deducting 15 percent of future benefit payments until paid in full.

Six-Month Earnings Limit CalSTRS makes a separate calculation that compares your earnings to 66 $\frac{2}{3}$ percent of your indexed final compensation. If your average earnings over a continuous six-month period exceed 66 $\frac{2}{3}$ percent of your indexed final compensation, you are no longer considered disabled. Your disability benefit will be terminated, effective on the first day of the month following the six-month period. Any benefit payments made after this termination date will be recovered by CalSTRS from the total benefit or any subsequent benefits.

Both limits apply to all earned income. The earnings limits are initially based on your final compensation. In subsequent years an index factor, developed from the average salary increase of all CalSTRS active members, is used to determine indexed final compensation. Indexed final compensation serves as a measure of current salaries.

You must provide CalSTRS with an annual report of your gross earnings from all employment.

Coverage A Disability Benefit

Examples

Your final compensation must be determined before your monthly disability benefit can be calculated. Service credit is used to determine your monthly benefit when you have fewer than 10 years of service credit and you are between the ages of 45 and 60.

Disability Benefit

More than 10 years of service, with children

Charles is granted disability benefits with a benefit effective date of July 1. Charles has one child eligible for benefits, and he receives \$300 a month from workers' compensation.

Alternative Formula

Fewer than 10 years of service, with children

Sharon is granted disability benefits with a benefit effective date of January 1. She has 8.072 years of service credit and is between age 45 and 60. She has two eligible children and receives \$300 a month from workers' compensation.

Disability Allowance—More Than 10 Years			Disability Allowance—Fewer Than 10 Years		
Step A: Final Compensation			Step A: Final Compensation		
Highest 36 consecutive months average annual earnable compensation			Highest 36 consecutive months average annual earnable compensation		
7/1/10 to 6/30/11 (12 months)		\$52,430	7/1/10 to 12/31/10 (6 months)		\$25,950
7/1/09 to 6/30/10 (12 months)		\$49,850	7/1/09 to 6/30/10 (12 months)		\$49,256
7/1/08 to 6/30/09 (12 months)		\$47,700	7/1/08 to 6/30/09 (12 months)		\$46,624
Final Compensation		= \$4,166.11	1/1/08 to 6/30/08 (6 months)		\$17,265
\$149,980 (36 months total) ÷ 36 months			Final Compensation		= \$3,863.75
			\$139,095 (36 months total) ÷ 36 months		
Step B: 50% Formula			Step B: Alternate Formula		
1. Final Compensation x 50%	\$4,166.11 x 50%	\$2,083.06	Number of years of service credit	8.072	
2. Eligible dependent children (1 child @ 10%)	10% x \$4,166.11	+ \$416.61	1. Service Credit x 5% x Final Compensation	8.072 x 5% x \$3,863.75	\$1,559.41
3. Monthly benefit before offset for other public benefit	\$2,083.06 + 416.61	= \$2,499.67	2. Eligible dependent children	2 x 10% x \$3,863.75	+ \$772.75
4. Less benefit payable from another public system (workers' compensation)		- \$300.00	3. Monthly benefit before offset for other public benefit	\$1,559.41 + \$772.75	= \$2,332.16
5. Adjusted Monthly Benefit		= \$2,199.67	4. Less benefit payable from other public system (workers' compensation)		- \$300.00
			5. Adjusted Monthly Benefit		= \$2,032.16

Benefit Reduction

If you receive both a Coverage B disability benefit and a disability benefit under a workers' compensation program for the same impairment, your CalSTRS benefit will be reduced by an amount equal to your workers' compensation benefit.

Coverage B Disability Benefit

The Coverage B disability benefit (disability retirement) is 50 percent of your final compensation. Your final compensation must be determined before your monthly benefit can be calculated. Service credit is not a factor in determining your disability retirement benefit. (See example on next page.)

You will not receive service credit while you receive a disability retirement benefit. Your benefit will continue to be paid as long as you remain disabled, without respect to age. If we determine you are no longer disabled or you return to full-time or comparable-level employment, your disability retirement will be terminated.

If you plan to reinstate to active member status, first make an appointment with a CalSTRS benefits counselor to discuss important considerations, including how your future benefits may be affected.

To apply for a disability retirement benefit, you must meet the following requirements:

- You must have five or more years of service credit. (If you were the victim of an unlawful act on the job, you may qualify if you have one year of service credit. To learn more, contact us.)
- Your last five years of service credit must have been performed in California. Four of the five years of credit must be for actual performance of creditable service. At least one year of service credit must have been earned after one of the following:
 - » Receiving a disability benefit.
 - » Service retirement.
 - » The most recent refund of your accumulated contributions.

There are no age restrictions.

Option Beneficiary

An option is a plan feature that allows you to distribute your Coverage B disability benefit over your lifetime and the lifetime of someone after your death. An option provides a reduced disability benefit based on a percentage of the Member-Only Benefit level. Your Member-Only Benefit will be adjusted depending on the option you elected, your age and the age of your beneficiary.

A Member-Only Benefit is usually the highest monthly CalSTRS benefit you can receive. Upon your death, your Member-Only Benefit will stop. It does not provide for a monthly benefit to a survivor after your death.

Option factor tables for disability are not included in this handbook. Contact a CalSTRS benefits counselor for an estimate of your benefit and the benefit of your beneficiaries under each of the options.

Increased Benefit for Eligible Dependent Children

If you have eligible dependent children, each child's portion will be 10 percent of your final compensation up to an additional 40 percent. If you have more than four children, each child will share equally in the maximum benefit of 40 percent. The maximum benefit you can receive, including portions for eligible dependent children, is 90 percent of your final compensation.

Your child is eligible if, on the effective date of your Coverage B benefit disability, he or she is all of the following:

- Your natural, adopted or stepchild, and is not adopted by anyone other than your spouse or registered domestic partner.
- Born no later than 10 months after the effective date of your disability benefit.
- Under age 21.
- Financially dependent on you.

When your child reaches age 21 or dies, your monthly benefit will be reduced by that child's portion. Your children's CalSTRS benefits are not affected if you receive other benefits.

Coverage B Disability Benefit Calculation

Jack is granted disability retirement with an effective date of September 1. He has three eligible dependent children. Jack has elected to receive a Member-Only Benefit. He is not eligible for workers' compensation.

Step A: Final Compensation		
36 consecutive months earnable compensation		
7/1/11-8/31/11 (2 months)		\$5,727.30
7/1/10-6/30/11 (12 months)		\$33,099.00
7/1/09-6/30/10 (12 months)		\$30,375.60
9/1/08-6/30/09 (10 months)		\$24,908.30
Final Compensation		= \$2,614.17
\$94,110.20 (36 months total) ÷ 36 months		
Step B: Calculate Disability Retirement Benefit		
1. Final Compensation x 50%		= \$1,307.09
= Member-Only Benefit (\$2,614.17 x 50%)		
2. Benefit payable from workers' compensation		- \$0.00
3. Number of eligible children	(3 x 10% x \$2,614.17)	+ \$784.25
4. Adjusted Monthly Benefit		= \$2,091.34

Keep CalSTRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur. If you do not respond to requests for information, we may terminate your benefits.

Defined Benefit Supplement Distribution

If you are approved to receive a disability retirement benefit, you will receive the balance of your Defined Benefit Supplement account. If your balance is \$3,500 or more, you may choose to receive your funds as an annuity.

- See "Your Defined Benefit Supplement Distribution," page 56

Earnings Limit

You can earn money after you begin receiving a disability retirement benefit. You can teach under certain employer conditions, but you are not allowed to earn CalSTRS service credit or contribute to CalSTRS while receiving a disability retirement benefit. Your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you are participating in an approved CalSTRS rehabilitation plan.

Your CalSTRS disability retirement benefit will be reduced dollar-for-dollar by the total amount of earnings from all employment in excess of the 12-month calendar year limit. You will be required to provide CalSTRS with an annual report of your gross earnings from all employment. The Employment Development Department and your employer will verify your reported earnings.

The 2012 calendar year earnings limit is \$27,000. The limit is determined early each calendar year.

Periodic Review

CalSTRS will periodically review your medical and vocational status to determine your continuing eligibility. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment.
- An annual inquiry about other disability benefits.

As part of the review, CalSTRS may ask you to verify your earnings with documentation from your employer's W-2 forms and your tax returns.

Notify CalSTRS if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in workers' compensation benefits.