



*Securing Your Tomorrows*

**DISABILITY  
RETIREMENT  
BENEFITS  
GUIDE  
TIER 1**

**This brochure provides general information about disability retirement benefits. If any discrepancies exist between the information in this brochure and LACERS plan provisions (as set forth in the Los Angeles City Charter and Administrative Code), the plan provisions will prevail.**

**You are encouraged to call LACERS Disability Retirement Unit should you have any questions about the disability retirement process.**

**If your disability makes it difficult for you do the following:**

- **Read LACERS bulletins, publications, and forms**
- **Communicate with LACERS staff via phone or in-person**
- **Complete forms**

**LACERS offers the following services to assist you:**

- **Sign Language Interpreting Services**
- **Telecommunications Device for the Deaf (TDD)**
- **Assisted listening devices (for the hearing-impaired)**
- **Assistance in reading/completing forms**

**Members who may wish to request these services or who have questions about the availability of these services should telephone LACERS at (800) 779-8328 or (888) 349-3996 (TDD). To ensure availability at the time the services are needed, Members are encouraged to make requests at least six working days prior to their appointment.**

## LACERS DISABILITY RETIREMENT- TIER 1

The Los Angeles City Employees' Retirement System (LACERS) provides a disability retirement benefit for a Member who becomes physically or mentally incapacitated from performing his/her job.

If you are approved for a disability retirement, you will receive a monthly benefit that is approximately one-third of your highest 12-month average salary. If you have more than 23.3 years of service credit you may receive a slightly higher monthly benefit. Disability retirement benefit may be subject to cost-of-living increases.

LACERS disability retirement benefit is separate from disability insurance payments through the City's Flex Benefits Plan (Flex Plan) and benefits through Workers' Compensation.

### WHO IS ELIGIBLE TO FILE AN APPLICATION FOR DISABILITY RETIREMENT?

You are eligible to file an application for disability retirement with LACERS if you meet the following requirements:

- You have five or more years of Continuous Service with the City. [*“Continuous” means you did not have a break in service longer than three years.*]; and
- Your application for Disability Retirement is filed with LACERS within one year of the date you were last paid by your employing department.

This filing period may be extended if you have one or more of the following:

- *open related Workers' Compensation claim or your claim closed within the last year (subject to City Attorney review); or*
- *open administrative proceeding (subject to City Attorney review)*

If you do not meet the above criteria, your application will not be accepted for processing.

# THE DISABILITY RETIREMENT PROCESS

## Once your application is accepted:

LACERS will contact your employing department to obtain a detailed job description, also known as Duties Assessment. LACERS will also order your medical records from your treating physicians and, if applicable, workers' compensation. Upon receipt of the duties assessment and medical records, your case will be submitted to an independent company that will set you up to be evaluated by three physicians that are specialist in your condition(s). The physicians will evaluate your condition(s), and determine your ability to perform your current duties.

After LACERS receives your medical reports and other evaluating material, the Board of Administration will consider your application and determine whether you will be granted a disability retirement benefit or have your matter deferred for a hearing.

Most applications are processed within six months. Delays in obtaining the necessary information may extend the processing time.

## If the Board approves your application:

You will receive a disability retirement benefit retroactive to the effective date of your disability retirement (usually, the day after your last day on the payroll). If you are under age 60, the Board may require you to be re-examined to determine whether your disability retirement benefit should continue or be canceled.

## If your application is deferred for a hearing:

You may present testimony and other evidence to support your application at the Board hearing. Based upon all the evidence received, the Board will then determine whether or not you will be approved for a disability retirement allowance.

## If the Board denies your application, you may:

- Return to work, unless your City employment has been terminated; or
- Request that the Board reconsider their denial (within prescribed time limits); or
- Pursue legal action in court contesting the Board's decision. [*A petition for a judicial review of the Board's final decision must be filed within the time limits specified in Section 1094.6 of the California Code of Civil Procedure.*]; or
- File an application for a service retirement when you meet the eligibility requirements.

## **If your disability application is denied and you have a terminated status with the City of Los Angeles, you can:**

- Request a refund or rollover of your contributions and interest. If you get a refund or rollover, you will no longer be entitled to any benefits from LACERS, including disability retirement benefits. (See LACERS *Termination Guide* for details of your refund options.); or
- Leave your contributions and interest on deposit and receive a deferred vested retirement benefit when you become eligible.

## **LOANS TO DISABILITY RETIREMENT APPLICANTS**

You can apply to receive a loan while your application for disability retirement is being processed. The amount of the loan cannot exceed any of the following:

- Four times your current bi-weekly salary; or
- One-half of the contributions and interest in your LACERS account; or
- \$50,000

If your loan application is processed by the 15<sup>th</sup> day of the month, you will receive your loan check on the last day of that month. You are required to repay the loan within four years. The interest rate on the loan is currently set at 7.75%.

Loan payments are due on a quarterly basis, beginning three months after you receive the loan. Even if you do not return to City employment and do not receive a retirement benefit of any kind, you are still responsible to repay the loan quarterly. An additional 90-day grace period is available prior to the first payment.

The payment schedule may change, depending on the following:

- If you are receiving a Disability or Service Retirement allowance, the loan payments will be deducted from your monthly checks. For disability retirees, a lump-sum payment can be deducted from your retroactive disability retirement benefit.
- If you return to City employment, the loan payments will be deducted from your bi-weekly checks.

### **Loan Terms and Conditions Include:**

- Only one loan per year is allowed and you may not have more than one outstanding loan.
- There are no prepayment penalties.

- If you terminate City employment and request a refund of your contributions and interest, your loan balance will be deducted from your refund.

### **If you do not make timely payments on your loan:**

- LACERS will report the delinquent loan to the Internal Revenue Service.
- The balance of your loan will become taxable to you as ordinary income.
- If you are under age 55, you will owe an additional 10% as a penalty for your federal income taxes and 2.5% as a penalty for your State of California income taxes.
- Further, you will owe repayment of the loan to LACERS, including additional interest that accrues on the loan until it is paid in full.

*Please read LACERS Loan Program Information Sheet to receive more information about the program.*

## **QUESTION AND ANSWER SECTION**

### **Q: What happens to my City employment status while my disability application is being processed?**

A: If you have not resigned or have not been terminated from City employment, you will be placed on an unpaid leave of absence.

### **Q: What other programs or benefits should I consider?**

A (1): If you were injured on the job, you may apply for Workers' Compensation benefits with the City of Los Angeles Personnel Department. Please keep in mind that Workers' Compensation and a LACERS disability retirement are two distinct and separate benefits. If you are receiving temporary disability ("State Rate") payments at the time of your retirement, these payments may be terminated when you are granted a disability retirement allowance.

A (2): Also, you may apply for disability insurance benefits, which are provided to employees through the City's Flex Benefits Plan (Flex Plan).

The Flex Plan disability insurance is a separate benefit from LACERS disability retirement benefits. The Flex Plan insurance carrier could require you to apply for LACERS disability retirement benefits. They could reduce the amount of the disability insurance payments you receive from them by the amount of any disability payments you are entitled to receive from LACERS.

For more information, contact the Flex Plan's insurance carrier.

Please note: Applying for or receiving disability insurance benefits through the Flex Plan does not extend the time period you have to apply for a LACERS disability retirement benefit. You must apply for a LACERS disability retirement within one year of your last City paycheck or you will lose the right to receive a disability retirement benefit from LACERS.

**Q: Is my LACERS disability retirement benefit a lifetime benefit?**

A: Possibly. If you remain disabled you will receive your benefit throughout your lifetime. Your disability retirement benefit will be canceled if you:

- Are appointed again to active City status through another eligible list; or
- Voluntarily decide to be re-examined by LACERS and are found capable of performing your prior job duties; or
- Are determined by the Board to be no longer disabled through the re-examination process.

Before disability benefits are canceled by the Board, at least three physicians must evaluate you to determine your present condition(s). The Board will review possible accommodations and determine your ability to return to work in the classification you held at the time of your retirement. You may return to active City service if you do not have a terminated status. If you are found no longer disabled and refuse to return to work, your disability benefit will be canceled accordingly.

**Q: If I am granted a disability retirement benefit, will my surviving spouse/domestic partner be eligible for a continuance if I die before him/her?**

A: Upon your death, your surviving spouse/domestic partner may be entitled to a disability continuance benefit. For a spouse to qualify for a continuance benefit, you must be married to him/her at least one year prior to the effective date of your disability retirement, at the time of your retirement, and at the time of your death. This also applies to State Registered Domestic Partners.

For a plan registered domestic partner to qualify for a continuance benefit, a *Declaration of Domestic Partnership* must be on file with LACERS for at least one year prior to the effective date of your disability retirement. You must also be domestic partners at the time of retirement and domestic partners at the time of your death. For more information on Domestic Partnerships, visit our website or contact LACERS.

If you qualify, you (and your eligible surviving spouse/domestic partner) may also enroll in a LACERS medical plan and be eligible for a medical premium subsidy (if you meet the minimum age and City service requirements) in addition to a monthly disability retirement benefit.

**Q: Is an attorney necessary for the disability retirement application process?**

A: Although you are not required to retain an attorney or representative, you may elect to have one help you at any time during the process.

**Q: What if my disability retirement application is denied?**

A: You can request re-consideration by the Board or file a court action requesting that the Court review the Board's denial.

LACERS staff cannot offer our Members legal advice. For such counseling, please consult your own legal representative.

**Q: May I simultaneously apply for more than one type of retirement?**

A: No. You may have on file only one type of retirement application at a time. However, if you qualify, you may file for a service retirement after you withdraw the disability retirement application.

**Q: If approved, when will my disability retirement become effective?**

A: Generally, it will be effective the day after your last day on active payroll.

**Q: When will I receive my first check?**

A: Usually 30 - 45 days after the Board grants your disability retirement. Benefits are paid at the end of each month.

**Q: Will my retirement allowance ever change?**

A: Yes. Your retirement allowance may be adjusted every July 1<sup>st</sup> to reflect changes in the cost of living. Unless the City Council grants a discretionary cost-of-living adjustment (COLA), COLAs are limited to no more than 3% per fiscal year. These changes will be reflected in your benefit deposited or mailed on July 31<sup>st</sup>.

**Q: As a disability retiree, am I eligible for health insurance?**

A: Most disability retirees who have at least 10 years of City service are eligible for a medical premium subsidy when they reach age 55.

If you are a part-time employee who became a Member of LACERS after April 22, 1990, you are eligible for a medical premium subsidy when you reach age 55 and have at least 10 years of City service credit.

You may enroll in LACERS health plans, as long as your net benefit is sufficient to cover your portion of the cost of your health insurance. The cost of your portion of the insurance premiums, if any, will be deducted from your retirement allowance.

**Q: Can I work elsewhere while I'm receiving a disability retirement benefit?**

A: Yes. You can obtain employment from another employer. However, you are prohibited from City employment (including the Department of Water and Power) while receiving a disability retirement benefit. If you return to work for the City, your disability retirement benefit will be canceled and you will resume accruing additional retirement service credit. You may not seek employment in the field that was the basis for your disability. Your outside employment will be considered during the re-examination process.

**Q: Is my retirement allowance reported to the IRS?**

A: Yes. All disability retirement payments are reported to the Internal Revenue Service. If you live in California at any time during the calendar year, the income will also be reported to the State Franchise Tax Board as well.



**Q: Is my disability retirement allowance taxable?**

A: Typically, it is fully taxable. But, if you made post-tax contributions to LACERS before January 1, 1986 or made post-tax payments to purchase service credit, part of your benefit may temporarily not be taxed after you reach age 55. Your annual 1099-R will show you what part of your allowance is excluded from taxation.

**Q: Can I withdraw my application for a disability retirement?**

A: Yes. You can withdraw your application anytime before the Board takes final action on your disability retirement application.

This brochure is intended to answer commonly asked questions about the Disability Retirement Benefits offered by the City of Los Angeles. Any additional questions you may have may be covered in LACERS *Summary Plan Description* or can be answered in a counseling session.

**LACERS**  
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**ADA NOTICE**

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodations to ensure equal access to its programs, services and activities.