



Alaska Division of Retirement and Benefits

Defined Benefit Retirement Plan, TRS Tier I and II

Disability Benefits

Are you suffering from an illness or injury which prevents you from teaching?

No one wishes to become disabled, but if you do become permanently disabled, you may be eligible to receive monthly benefits from the Teachers' Retirement System (TRS). Disability benefits are intended to provide a means of economic survival if you must terminate your TRS employment because of a disability. Disability benefits provide you a monthly benefit payment and major medical insurance and are not intended to supplement your income should you recover from your disability and return to teaching.

How do you qualify for TRS disability benefits?

You must have a minimum of five paid-up years of TRS membership service to be eligible to apply for TRS disability benefits. You must also have a presumably permanent physical or mental condition which prevents you from performing the usual duties of your job or the duties of another position the employer makes available and for which training or education qualifies you. You must terminate your TRS position because of your disability.

Do you have to terminate TRS employment before applying for disability benefits?

No, you do not need to terminate employment before applying for a disability benefit. However, if you are approved for benefits, you must terminate TRS employment within 30 days of the Administrator's decision.

Caution: You may choose to receive a refund of your accumulated member contributions in a lump sum, rather than apply for a disability retirement benefit. However, if you refund your contributions instead of applying for a disability retirement, you are no longer eligible for that benefit or any future TRS retirement benefit or associated system-paid medical insurance benefits.

How do you apply?

You should contact the Division and request a disability packet. Your application must be received by the Division or postmarked within six months after your disability begins; or 90 days after termination of TRS employment. If you miss either, contact the Division for assistance. In general, it takes approximately six to eight weeks to process your application. It can take longer if you do not provide adequate medical documentation or other required information to support your application. It is your

responsibility to provide complete information to the Division so a determination can be made.

Who determines if you qualify for disability benefits?

You must provide physician statements and complete medical records along with an employer's statement of disability to the Division. A consulting physician reviews your file and makes a recommendation to the TRS Administrator who makes a final recommendation. You will be notified of the final outcome. If you are denied disability benefits, you may appeal to the Department of Administration's Office of Administrative Hearings.

When do disability benefits begin?

Once your disability application is approved, you will begin receiving monthly benefits. Benefits accrue from the first day of the month following termination of employment and are paid at the end of the month. If your appointment to disability is delayed to allow time for the TRS Administrator to obtain and review records, retroactive payments will be made.

What is the monthly benefit amount?

Your benefit is equal to 50% of your annual base contract salary immediately before becoming disabled (divided by 12 months). An additional 10% of your base contract salary is payable for each of your dependent children, if any, up to a maximum of four children (40% of salary). Dependent children are defined as a child who is under age 19, or 23 if registered as a full-time student and attending an accredited school, college or university.

Are TRS disability benefits taxable?

Your monthly disability benefits are taxable by the federal government upon receipt. If you move to another state, your benefit may also be subject to that state's income tax. In addition, since the standard for eligibility for TRS disability benefits is different from the federal definition of disability (according to Internal Revenue Code Section 72(m)(7)), your benefit is required by the IRS to be coded as an early distribution of retirement funds. As such, you may be subject to a 10% early distribution penalty for amounts received from the TRS. If you feel that you meet the federal definition of disability, you can file IRS form #5329 for an exception to the early distribution penalty. You may elect to have no federal tax withheld from your benefit by completing a W4-P withholding form available from the Division; however, you are still responsible for any taxes due to the federal government. The Division does not give tax advice and you may wish to consult a tax professional for more information.

Is there any medical coverage for TRS disabilitants?

You, your spouse, and your dependent children are eligible for major medical coverage at no cost to you as long as you are receiving disability benefits. Dependent children up to age 19 are covered and may be included up to age 23 if enrolled full-time in an accredited college or university. The medical coverage will continue once your disability benefits convert to a normal retirement. There are also optional insurance coverages for dental-vision-audio (DVA) and long-term care (LTC) insurance which you may elect and pay premiums for. **You must elect LTC within 60 days of your appointment to disability benefits or you will not have the opportunity to elect LTC at any future time, including when your disability benefits convert to normal retirement. (Your spouse could elect LTC for self and spouse when the spouse retires from PERS or TRS).**

Can your disability retirement benefits be terminated?

Disability benefits, including the benefits for dependent children, will cease when you

1. Recover from disability;
2. Fail to comply with eligibility requirements;
3. Die; or
4. Become eligible for normal retirement. Benefits may also be terminated if you return to work in a teaching position. See *“What happens if you become reemployed?”*

Are there periodic proof of eligibility requirements?

You will be required to provide information for proof of continuing eligibility by submitting a completed physician's statement of continuing eligibility that is signed by the physician who is treating your medical condition(s). In addition, you will be asked to provide a copy of your previous year's federal income taxes to verify you are not employed. You may also be required by the TRS Administrator to undergo a medical examination. Proof may be required once a year during the first five years of disability and once every three years thereafter.

What are the death benefits?

If you die while you are receiving TRS disability benefits and you are married, your spouse may have options for continuing benefits. If you are not married, benefits will be paid to your named beneficiaries on file with the Division. You may wish to update your beneficiaries by completing new beneficiary forms available on the Division's website. For further information on death benefits, please contact the Division.

How long will you receive a disability benefit?

As a TRS member, you will continue to accrue service while receiving disability benefits until you become eligible for a normal retirement benefit. At that time, disability benefits will cease and you will be appointed to normal retirement. Your monthly retirement benefit will be calculated on your total TRS service and average base compensation you earned while employed. For Tier I members, age 55 or 20 years of accrued service determines normal retirement eligibility; and for Tier II members, it is age 60 or 20 years of service.

What happens if you become reemployed?

Disability benefits are intended to provide a means of economic survival if you must terminate your TRS employment because of a total and presumably permanent disability. Disability benefits provide you a monthly benefit payment and major medical insurance. This program for disabled members of the TRS is not intended to supplement your income should you recover from disability and are capable of performing the duties required of a teacher. Teachers receiving disability benefits are restricted from returning to the classroom as a teacher, or from accepting a position that requires a teaching certificate. If you return to the workforce you should contact the Division immediately. Your disability benefits may be terminated if you are no longer considered presumably permanently disabled.

Alaska Division of Retirement and Benefits

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Member Education Center

Hours: Monday-Thursday 8:30 a.m. to 4 p.m. | Friday 8:30 a.m. to 3 p.m.

Toll-Free: (800) 821-2251 | In Juneau: (907) 465-4460 | Fax: (907) 465-4668 | TDD: (907) 465-2805

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