

Statewide Death & Disability Plan



Statewide Death & Disability Plan benefits are state funded for police officers and firefighters hired prior to January 1, 1997. Local revenue sources are responsible for funding of the benefits for police officers and firefighters hired on or after January 1, 1997.

Statewide Death & Disability Plan benefits provide 24-hour coverage, **both on and off duty**. Death & Disability Plan benefits are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan.

In the case of an on-duty death, benefits may be payable to the surviving spouse and/or dependent children of active members who were eligible to retire, but were still working. See details under Survivor Benefits on page 6.

On-duty death and disability benefits are free from state and federal taxes.

The disability information listed in this handout applies to benefits granted after October 1, 2002.

Statewide Death & Disability Plan

FPPA
provides the
police officers
and firefighters
of Colorado
two types of
disability:

**Occupational
and Total.**

Occupational Disability

Occupational Disability means a member is unable to perform their assigned duties due to a medical condition that is expected to last at least 1 year. Assigned duties are those specific tasks or jobs that a member is required to regularly perform.

Within the Occupational Disability category, there are two sub-categories:

- **Temporary Occupational Disability** and
- **Permanent Occupational Disability.**

Total Disability

Total Disability means the member is unable to engage in any substantial gainful activity due to a medically determined physical or mental impairment that may be expected to result in death or that has lasted or is expected to last at least 1 year.

Temporary Occupational Disability

An occupational disability for which there is prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Permanent Occupational Disability

An occupational disability caused by a condition that is permanent or degenerative and for which there is no prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Statewide Death & Disability Plan

Disability Benefit Comparison	Occupational Disability		Total Disability
	<i>Temporary Occupational Disability</i>	<i>Permanent Occupational Disability</i>	
Basic Benefit Amount <i>(Before offsets or benefit options are calculated.)</i>	40% of base salary	50% of base salary	70% of base salary
Benefit Start Date	Once granted, benefits are payable from the day following the member's last day on the employer's payroll.	Same	Same
Duration Of Benefits	<p>Maximum of 5 years. At the end of 5 years, the member either returns to department, unless prior to the end of the 5 year period the member's disability status has been changed to Permanent Occupational or Total Disability, or benefits are discontinued.</p> <p>If the member is restored to active service with their former employer, FPPA will transfer from the D&D fund the contributions required to fund the money purchase plan (or component) or fund service credit under the defined benefit plan (or component) while the member was on Temporary Disability (not to exceed 16%). If the mandatory contribution amount is above 16%, the employer will make the additional contributions.</p>	<p>May be payable as long as the disability exists, and as long as the member remains eligible.</p> <p>An annual verification of eligibility process applies.</p>	<p>May be payable as long as the disability exists, and as long as the member remains eligible.</p> <p>An annual verification of eligibility process applies.</p>
Periodic Reexaminations	Required. FPPA will also require treatment, counseling and therapy necessary to rehabilitate the applicant for return to work.	Generally not required.	Generally not required.

Chart continues on next page.

Statewide Death & Disability Plan

Disability Benefit Comparison

continued

Does the Money Purchase or SRA offset apply?

Change in Disability Status

Does this benefit ever revert to a Normal Retirement?

Occupational Disability

Temporary Occupational Disability

No. No offset or distribution.

The member's benefit may be changed to Permanent Occupational or Total Disability anytime within 5 years from his/her retirement date.

A complete application must be filed with FPPA no later than 180 days prior to the 5-year deadline.

Yes, if the member reaches age and service, including time on disability under a defined benefit plan or a hybrid plan or 25 years and age 55 under a money purchase plan, FPPA will transfer from the Statewide Death & Disability fund the contributions necessary for full service credits and the member will be granted a Normal Retirement in lieu of a continued disability. (If the money purchase plan's normal contribution rate is above 16%, the employer will make the additional contributions.)

Permanent Occupational Disability

Yes, see page 5 for details.

The member's benefit may be changed to Total Disability anytime within 5 years from his/her retirement date.

A complete application must be filed with FPPA no later than the last day of the five-year deadline.

No

Total Disability

Yes, see page 5 for details.

The member's benefit may be changed to Permanent Occupational Disability when FPPA receives evidence that the member is no longer Totally disabled.

No

Statewide Death & Disability Plan

Disability Benefit Comparison

continued

	Occupational Disability		Total Disability
	Temporary Occupational Disability	Permanent Occupational Disability	
What benefit payment options are available?	The member does not elect a benefit payment option. Normal unreduced benefits are paid to the member. If they should die while receiving Temporary Disability, the Survivor Benefits explained on page 6 would apply.	Upon disability retirement, the disabled member elects one of the payment options listed below. This payment option determines what is payable to a beneficiary.	Upon disability retirement, the disabled member elects one of the payment options listed below. This payment option determines what is payable to a beneficiary.
Benefit Adjustments <i>(Commonly known as COLA)</i>	A benefit adjustment of up to 3% may be granted by the FPPA Board annually. The benefit adjustment is effective October 1 st . A benefit adjustment may begin after receiving retirement benefits for at least 12 calendar months prior to October 1.	A benefit adjustment of up to 3% may be granted by the FPPA Board annually. The benefit adjustment is effective October 1 st . A benefit adjustment may begin after receiving retirement benefits for at least 12 calendar months prior to October 1.	A 3% benefit adjustment will be granted by the FPPA Board annually. The benefit adjustment is effective October 1 st . A benefit adjustment may begin after receiving retirement benefits for at least 12 calendar months prior to October 1.

Benefit Payment Options

The benefit payment options listed here apply to Permanent Occupational Disability and Total Disability only.

The benefit amounts shown on page 2 are used to calculate these payment options.

The Statewide Death & Disability Plan provides four choices for receipt of the Permanent Occupational and Total Disability benefits.

Normal Option – The disability retiree receives an unreduced benefit, payable for as long as the disability exists and as long as the member remains eligible. Upon the death of the retiree, the benefit is **discontinued**.

The following options provide a reduced benefit, payable to a designated beneficiary upon the death of the member. The amount of the reduction is based on the age of the member and the age of their designated beneficiary.

Option 1 - The disabled retiree's benefit amount is reduced, payable for as long as the disability exists and as long as the member remains eligible. Upon the death of the retiree, the designated beneficiary receives 100% of the retiree's reduced benefit for life.

Option 2 - The disabled retiree's benefit amount is reduced, payable for as long as the disability exists and as long as the member remains eligible. Upon the death of the retiree, the designated beneficiary receives 50% of the retiree's reduced benefit for life.

Option 3 - The disabled retiree's benefit amount is reduced, payable for as long as the disability exists and as long as the member remains eligible. Upon the death of the retiree, the reduced benefit amount is paid to the surviving spouse* and dependent children, if any, until the death of the surviving spouse, the death of any incapacitated child, or until the youngest child reaches age 23, whichever is later.

* Per FPPA Rule 402.10(c) 'Spouse' for the purposes of payment Option 3 means the Member's spouse at the time the first benefit payment is negotiated. If the spouse beneficiary is removed by the Member or dies, the Member is not permitted to add a subsequent spouse.

Statewide Death & Disability Plan

Disability & Survivor Benefit Offsets

The Money Purchase and SRA offsets listed here apply to those receiving Permanent Occupational Disability, Total Disability or Survivor Benefits.

The offsets are made to equalize the payment of death and disability benefits between the defined benefit and money purchase plans.

Money Purchase Funds

The money purchase funds are available to the member or survivor at the time disability or survivor benefits are awarded. The money purchase offset is calculated based on the member's age and account balance at the time of disability retirement or the survivor's age and member's account balance at the time of the member's death.

Separate Retirement Account (SRA)

The SRA funds are available to the member or survivor at the time disability or survivor benefits are awarded. The benefit awarded is offset (reduced) based on the amount in the member's SRA. The offset amount is calculated in the same manner as the money purchase offset.

Earned Income

Due to recent legislative changes, there will no longer be an offset for earned income. A verification process will still be in place to confirm eligibility. Please see Verification of Eligibility below.

DROP Account

DROP funds are available to the member or survivor at the time disability or survivor benefits are awarded. The benefit award is offset (reduced) based on the amount in the member's DROP account. The offset amount is calculated in the same manner as the money purchase offset.

Defined Benefit from a Local Pension Plan

If a member is eligible to receive a defined benefit from a local pension plan, disability or survivor benefits will be reduced by the amount of the defined benefit.

Other Income and Investments

Spousal income, IRAs, insurance benefits, legal awards, and other investment incomes are not subject to any offset. Deferred compensation accounts are generally not subject to an offset. However, if a department chief has contributions directed to a deferred compensation plan in lieu of a pension plan, the benefit award is offset based on the amount in the deferred compensation account. The amount of the offset is calculated in the same manner as the money purchase offset previously mentioned.

Other Procedures

Verification of Eligibility

FPPA is required by law to monitor certain benefit eligibility requirements. Annually, disability/survivor benefit recipients may receive a *Verification of Eligibility Affidavit* form to complete and return to FPPA. Certain supporting documents, such as tax returns may also be required. It is important that the *Verification of Eligibility Affidavit* and any required documentation be returned to FPPA in order to avoid suspension of benefits.

Military Leave

A member on military leave continues to be covered by the Statewide Death and Disability Plan upon payment of the required Statewide Death and Disability contribution by the employer. Any benefits payable under the Statewide Death and Disability Plan shall be offset by any death or disability benefits received from the military.

Statewide Death & Disability Plan

Survivor Benefits

An active member's spouse* and/or dependent children are eligible to receive survivor benefits from FPPA. The death of the member does not have to be duty-related to qualify for benefits.

The benefits listed below are reduced by any applicable SRA, DROP or money purchase offset. Benefits may be increased by a benefit adjustment of up to 3%, effective October 1st. A benefit adjustment may begin after the survivor has been receiving benefits for at least 12 calendar months prior to October 1.

Survivor Benefits On-Duty Deaths

Survivor Benefits Off-Duty Deaths

Basic Benefit Amount
(Before offsets are calculated.)

Spouse only.

70% of base salary

Spouse only.

40% of base salary

Spouse & dependent child(ren) living in the member's household.

70% of base salary

Spouse and one dependent child.

40% of base salary

No spouse.

Dependent children living in the member's household.

70% of base salary

Spouse and

two or more dependent children.

50% of base salary

No spouse.

Dependent children not living in the member's household.

40% of base salary for the first child
15% for each additional child,
not to exceed 70% total benefit

No Spouse.

One or two dependent child(ren).

40% of base salary

No Spouse.

Three or more dependent children.

50% of base salary

Retirement Eligibility

If the member's death occurs after the member is eligible for normal retirement under a defined benefit or hybrid plan or 25 years of service and age 55 under a money purchase plan, the survivor benefit paid to the surviving spouse and/or dependent children is the difference between 70% of base salary and the survivor benefit payable from the member's normal retirement plan.

If a member's death occurs after the member is eligible for normal retirement under a defined benefit or hybrid plan or 25 years of service and age 55 under a money purchase plan, the survivor receives the benefits payable under the member's normal retirement plan. No benefit is paid from the Statewide Death and Disability Plan.

Duration of Benefits

Survivor benefits to a spouse are payable for life.

Benefits for dependent children are payable until the age of 23 as long as the child remains a dependent.

Benefits may be extended for an incapacitated child.

Same

* For purposes of this benefit, spouse also includes a partner in a civil union effective May 1, 2013 - per C.R.S. § 14-15-101, et seq.

Statewide Death & Disability Plan

Taxability Of Benefits

Statewide Death & Disability plan benefits provide 24-hour coverage, both on and off duty.

On-Duty Disability Benefit

On-duty disability benefits are free from state and federal income taxes in the event that a member's disability is determined by FPPA to be the result of an *on-duty* injury or an *occupational disease*.

On-Duty Survivor Benefit

On-duty survivor benefits are free from state and federal income taxes in the event that a member's death is determined by FPPA to be the result of an *on-duty* injury or an *occupational disease*.

Money Purchase Funds

Members covered under either the Statewide Money Purchase Plan, or the Money Purchase Component of the Statewide Hybrid Plan and having been granted an *on-duty* disability status receive his/her money purchase distribution tax-free.

Members of non-affiliated local money purchase plans should contact their local pension board and plan record keeper regarding the taxability of their money purchase pension plan assets.

Statewide Defined Benefit Plan - Separate Retirement Account (SRA)

Members having an SRA and having been granted an *on-duty* disability status by FPPA receive their SRA distribution tax-free.



Fire and Police Pension Association of Colorado

5290 DTC Parkway, Suite 100 • Greenwood Village, Colorado 80111-2721

(303) 770-3772 • toll free (800) 332-3772 • fax (303) 771-7622 • www.FPPAco.org

This plain language document is intended for informational purposes only. Official interpretations or determinations are based upon the statutes and rules and regulations which govern this plan. The statutes and rules may be found at www.FPPAco.org