

If you are a Police & Fire member and receiving a regular or duty-related disability, you can return to work as long as the new position is not covered by the Police & Fire Plan. In some cases, your disability benefit may be reduced due to reemployment earnings. This publication explains Offset #1, one of two disability offsets that may impact you, and how it works.

## WHO DOES THIS IMPACT?

Offset #1 only applies to Police & Fire disability recipients who return to work and have less service than what was used to calculate their disability benefit:

- » Regular disability—offset applies if you have less than 15 years of earned service
- » Duty disability—offset applies if you have less than 20 years of earned service

Note: This offset is not applicable to duty disability recipients who have 20 or more years of service or regular disability recipients who have 15 or more years of service.

## ABOUT OFFSET #1

Offset #1 is comparable to active member contributions. Disability recipients who return to the work and have less service than the minimum benefit they are receiving will have their disability benefit reduced based on the minimum of:

- » 50% of reemployment earnings or
- » 11.8% (or the current member contribution rate) of average salary multiplied by the difference between 20 and the member's years of service, divided by 55 minus the member's age at the time of disability.

The amount of Offset #1 for disability recipients will be based on their average salary, how much service they earned with PERA, and their age at the time of disability.

## HOW DOES OFFSET #1 WORK?

Let's say a Police & Fire member, age 40 at the time of disability, with 15 years of service credit and an average salary of \$100,000 receives a duty disability benefit. The member's disability benefit would be 60% of average salary, or \$60,000. Suppose they then get another non-public safety job and earn \$45,000. The proposed Offset #1 would be calculated:

Offset #1	$= 11.8\% \times (\text{average salary}) \times (20 - \text{accrued years of service}) / (55 - \text{age at time of disability})$
	$= 11.8\% \times \$100,000 \times (20-15) / (55-40)$
	$= 11.8\% \times \$100,000 \times 5/15$
	$= \$3,933$

Note: The above calculation used the smaller of (a) 50% of reemployment earnings, which would be \$22,500 (50% x \$45,000), or (b) 11.8% of average salary multiplied by the service/age ratio, which is shown above.

If PERA receives the reemployment information in advance, we would spread the offset amount over each monthly benefit for the year. Therefore, the member would see a reduction of approximately \$328 per month (\$3,933/12) to their monthly disability benefit.

## QUESTIONS?

If you have any further questions on how this offset may impact you, contact us at [benefits@mnpera.org](mailto:benefits@mnpera.org).

### OFFSET EXAMPLES

The amount of Offset #1 for disability recipients will be based on their average salary, how much service they earned with PERA, and their age at the time of disability. Each example below includes different amounts of reemployment earnings (column 1 through 6). Examples also include Offset #2 amounts. Review the Understanding Offset #2 publication to learn more.

AGE 30, 5 YEARS OF SERVICE CREDIT							ACTIVE MEMBER
	1	2	3	4	5	6	7
Disability Benefit	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$0
Reemployment	0	5,000	10,000	25,000	50,000	100,000	100,000 Earnings
Offset #1	0	-2,500	-5,000	-7,080	-7,080	-7,080	-11,800 PERA Contribution
Offset #2	0	0	0	0	-5,000	-47,500	0
Net Income	\$60,000	\$62,500	\$65,000	\$77,920	\$97,920	\$105,420	\$88,200

AGE 35, 10 YEARS OF SERVICE CREDIT							ACTIVE MEMBER
	1	2	3	4	5	6	7
Disability Benefit	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$0
Reemployment	0	5,000	10,000	25,000	50,000	100,000	100,000 Earnings
Offset #1	0	-2,500	-5,000	-5,900	-5,900	-5,900	-11,800 PERA Contribution
Offset #2	0	0	0	0	-5,000	-47,500	0
Net Income	\$60,000	\$62,500	\$65,000	\$79,100	\$99,100	\$106,600	\$88,200

AGE 40, 15 YEARS OF SERVICE CREDIT							ACTIVE MEMBER
	1	2	3	4	5	6	7
Disability Benefit	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$0
Reemployment	0	5,000	10,000	25,000	50,000	100,000	100,000 Earnings
Offset #1	0	-2,500	-3,933	-3,933	-3,933	-3,933	-11,800 PERA Contribution
Offset #2	0	0	0	0	-5,000	-47,500	0
Net Income	\$60,000	\$62,500	\$66,067	\$81,067	\$101,067	\$108,567	\$88,200

AGE 50, 15 YEARS OF SERVICE CREDIT							ACTIVE MEMBER
	1	2	3	4	5	6	7
Disability Benefit	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$0
Reemployment	0	5,000	10,000	25,000	50,000	100,000	100,000 Earnings
Offset #1	0	-2,500	-5,000	-11,800	-11,800	-11,800	-11,800 PERA Contribution
Offset #2	0	0	0	0	-5,000	-47,500	0
Net Income	\$60,000	\$62,500	\$65,000	\$73,200	\$93,200	\$100,700	\$88,200