

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 #2, one of two disability offsets that may impact you, and how it works.

## ABOUT OFFSET #2

Offset #2 applies if the disability benefit plus reemployment earnings exceeds what the current base salary is for the position held at the time of disability:

- » If your earnings when added to your disability exceed 100% (but less than 125%) of the base salary currently paid, the disability benefit will be reduced \$1 for every \$2 over this amount.
- » If your earnings when added to your disability exceed 125% of the base salary currently paid, the disability benefit will be reduced \$1 for \$1 over this amount.

## HOW DOES OFFSET #2 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 goes on duty disability. 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. Offset #2 would be calculated:

Offset #2	= (Disability benefit + Reemployment Earnings) – Current Base Salary of Similar Position
	= (\$60,000 + \$45,000) - \$100,000
	= (\$105,000 - \$100,000) / 2 (reduction is \$1 for \$2 over 100% but less than 125%)
	= \$2,500

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 \$208 per month (\$2,500/12) to their monthly disability benefit.

## WHO DOES THIS IMPACT?

This offset only impacts Police & Fire disability recipients if the combination of their disability benefit plus reemployment earnings exceeds the current salary of a similar position. The offset will not exceed the member's disability benefit.

Offset #2 examples are provided below for reference:

DUTY DISABILITY RECIPIENT - OFFSET #2							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 #2	\$0	\$0	\$0	\$0	-\$5,000	-\$47,500	-\$11,800 PERA Contribution
Net Disability Benefit	\$60,000	\$60,000	\$60,000	\$60,000	\$55,000	\$12,500	\$0
Total Earnings	\$60,000	\$65,000	\$70,000	\$85,000	\$105,000	\$112,500	\$88,200 Net Earnings

Note: Offset #1 is not included in the above examples. Review the Understanding Offset #1 publication for more information.

## 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

Offset #2 applies if the disability benefit plus reemployment earnings exceeds what the current base salary is for the position held at the time of disability. If your earnings when added to your disability exceed 100% (but less than 125%) of the base salary currently paid, the disability benefit will be reduced \$1 for every \$2 over. If the combination exceeds 125% of the base salary currently paid, the disability benefit will be reduced \$1 for \$1 over. Each example below includes different amounts of reemployment earnings (column 1 through 6). Examples also include Offset #1 amounts. Review the Understanding Offset #1 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