

# Statewide Death & Disability Plan

*for members of affiliated Social Security Employers*



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 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.

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

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**FPPA**  
 provides the  
 police officers  
 and firefighters  
 of Colorado  
 two types of  
 disability:  
**Occupational  
 and Total.**

<p><b>Occupational Disability</b></p>		<p><b>Total Disability</b></p>
<p>Occupational Disability means a member is unable to perform his/her 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.</p> <p>Within the Occupational Disability category, there are two sub-categories:</p> <ul style="list-style-type: none"> <li>• <b>Temporary Occupational Disability</b> and</li> <li>• <b>Permanent Occupational Disability.</b></li> </ul>		<p>Total Disability means the member is unable to perform any substantial gainful activity due to a physical or mental condition that may be expected to result in death or that has lasted or is expected to last at least 1 year.</p>
<p><b><i>Temporary Occupational Disability</i></b></p>	<p><b><i>Permanent Occupational Disability</i></b></p>	
<p>An occupational disability for which there is prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.</p>	<p>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.</p>	

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Disability Benefit Comparison	Occupational Disability		Total Disability
	<i>Temporary Occupational Disability</i>	<i>Permanent Occupational Disability</i>	
<b>Basic Benefit Amount</b> (before offsets or benefit options are calculated)	40% of base salary	50% of base salary	70% of base salary
<b>Benefit Start Date &amp; Social Security Offset</b>	Once granted, benefits are payable from the day following the member's last day on the employer's payroll.  However a reduction to the Statewide Death & Disability or survivor benefit is made if the member or the survivor of a member receives a Social Security benefit. See page 5 for details.	Same	Same
<b>Duration Of Benefits</b>	Maximum of 5 years. At the end of 5 years, the member either returns to department, upgrades to Permanent Occupational or Total Disability status, or benefits are discontinued.  If the member's employer is also affiliated with FPPA for Statewide Defined Benefit Supplemental Retirement, and the member is restored to active service with his/her former employer, FPPA will transfer from the Statewide Death & Disability fund the contributions required to fund the service credit under the defined benefit plan while the member was on temporary disability.	May be payable as long as the disability exists.	May be payable as long as the disability exists.

Chart Continued On Next Page

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Disability Benefit Comparison <i>continued</i>	Occupational Disability		Total Disability
	<i>Temporary Occupational Disability</i>	<i>Permanent Occupational Disability</i>	
<b>Periodic Reexaminations</b>	<p>Required.</p> <p>FPPA will also require treatment, counseling and therapy necessary to rehabilitate the applicant for return to work.</p>	<p>Generally not required.</p>	<p>Generally not required.</p>
<b>Upgrade in Disability Status</b>	<p>The member's benefit may be upgraded to Permanent Occupational or Total Disability anytime within 5 years from his/her retirement date.</p> <p>Application must be filed no later than six months prior to the 5-year deadline.</p>	<p>The member's benefit may be upgraded to Total Disability anytime within 5 years from his/her retirement date.</p> <p>Application must be filed no later than 90 days prior to the 5-year deadline.</p>	<p>N/A</p>
<b>Does this benefit ever revert to a Normal Retirement?</b>	<p>Yes, if the member's employer is also affiliated with FPPA for Statewide Defined Benefit Supplemental Retirement, and the member reaches age and service, including time on disability under the defined benefit plan, FPPA will transfer from the Statewide Death &amp; Disability fund the defined benefit contributions necessary for full service credits and the member will be granted a normal retirement in lieu of a continued disability.</p>	<p>No</p>	<p>No</p>

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Disability Benefit Comparison <i>continued</i>	Occupational Disability		Total Disability
	Temporary Occupational Disability	Permanent Occupational Disability	
What payment options are available?	The member does not elect a payment option. Normal unreduced benefits are paid to the member. If he/she 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.
Cost of Living Adjustments (COLA)	A COLA of up to 3% may be granted by the FPPA Board annually. The COLA is effective October 1 <sup>st</sup> . COLAs may begin after receiving retirement benefits for at least 12 calendar months prior to October 1.	A COLA of up to 3% may be granted by the FPPA Board annually. The COLA is effective October 1 <sup>st</sup> . COLAs may begin after receiving retirement benefits for at least 12 calendar months prior to October 1.	A 3% COLA will be granted by the FPPA Board annually. The COLA is effective October 1 <sup>st</sup> . COLAs may begin after receiving retirement benefits for at least 12 calendar months prior to October 1.
<b>Payout Options</b>  The payout options listed here apply to Permanent Occupational Disability and Total Disability only.  The benefit amounts shown on page 1 are used to calculate these payout options.	<b>Normal Option</b> – The disability retiree receives an unreduced benefit amount for life. Upon the retiree’s death, the benefit is <b>discontinued</b> .		
	In addition to the Normal Option, the following options provide different levels of post-retirement survivor benefits for a reduced benefit amount. The amount of the reduction is based on the age of a member and the age of his/her designated beneficiary.		
	<b>Option 1</b> - The disability retiree receives a reduced disability benefit for life. Upon the retiree’s death, the same reduced benefit is paid to the designated beneficiary for life.		
	<b>Option 2</b> - The disability retiree receives a reduced disability benefit for life. Upon the retiree’s death, one-half of the retiree’s reduced benefit is paid to the beneficiary for life.		
	<b>Option 3</b> – The disability retiree receives a reduced disability benefit for life. Upon the retiree’s death, the same reduced benefit is paid to the surviving spouse for life, until the death of any incapacitated child, or until the youngest child reaches age 23, whichever is later.		

<p><b>Contributions</b></p>	<p>The contribution level for members of affiliated Social Security Employers is determined annually by FPPA. The 2009 &amp; 2010 rate is 2.6% of salary. Rates may increase or decrease by 1/10th of 1% every other year based on the actuarial study.</p>
<p><b>Disability &amp; Survivor Benefit Offsets</b></p>	<p><b>Social Security Offset</b>                  If a member or survivor of a member of an affiliated Social Security employer is awarded a disability or survivor benefit, the benefit is payable immediately. <b>However, a reduction to the Statewide Death &amp; Disability or survivor benefit is made when the member receives a Social Security benefit.</b></p> <p>At the time the Social Security benefit commences, the FPPA pension benefit will be reduced by the pro rata amount of any Social Security benefit. This reduction only applies to the member's credits of Social Security obtained while employed as a member under the Statewide Death &amp; Disability Plan. The exact amount of the offset is calculated just prior to the commencement of the Social Security benefit.</p> <p><b>Money Purchase Plan</b>                  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. Contributions made to the money purchase plan above 16% are not offset.</p> <p><b>Separate Retirement Account (SRA)</b>                  The SRA funds are available to the member or survivor at the time disability or survivor benefits are awarded. The benefit awarded is offset based on the amount in the member's SRA. The offset amount is calculated in the same manner as the money purchase offset.</p> <p><b>DROP Account</b>                  DROP funds are available to the member or survivor at the time disability or survivor benefits are awarded. The benefit award is offset based on the amount in the member's DROP account. The offset amount is calculated in the same manner as the money purchase offset.</p> <p><b>Defined Benefit from a Local Pension Plan</b>                  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.</p> <p><b>Other Income and Investments</b>                  Spousal income, IRAs, insurance benefits, legal awards, deferred compensation accounts, and other investment incomes are not subject to any offset.</p>
<p><b>Other Procedures</b></p>	<p><b>Verification of Eligibility</b>                  FPPA is required by law to monitor certain benefit eligibility requirements. Periodically, disability/survivor benefit recipients may receive a <i>Verification of Eligibility Affidavit</i> form to complete and return to FPPA. Certain supporting documents, such as tax returns may also be required. It is important that the <i>Verification of Eligibility Affidavit</i> and any required documentation be returned to FPPA in order to avoid suspension of benefits.</p> <p><b>Military Leave</b>                  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.</p>

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Survivor Benefits	<p>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.</p> <p>The benefits listed below are reduced by any applicable offsets. Benefits may be increased by an annual cost-of-living-adjustment (COLA) of up to 3%, effective October 1. COLAs may begin after receiving retirement benefits for at least 12 calendar months prior to October 1.</p>	
	Survivor Benefits On-Duty Deaths	Survivor Benefits Off-Duty Deaths
<p><b>Basic Benefit Amount</b> <i>(Before offsets are calculated.)</i></p>	<p><i>Spouse only.</i> 70% of base salary</p> <p><i>Spouse &amp; dependent child(ren) living in the member's household.</i> 70% of base salary</p> <p><i>No spouse.</i> <i>Dependent children living in the member's household.</i> 70% of base salary</p> <p><i>No spouse.</i> <i>Dependent children not living in the member's household.</i> 40% of base salary for the first child 15% for each additional child, not to exceed 70% total benefit</p>	<p><i>Spouse only.</i> 40% of base salary</p> <p><i>Spouse and one dependent child.</i> 40% of base salary</p> <p><i>Spouse and two or more dependent children.</i> 50% of base salary</p> <p><i>No Spouse.</i> <i>One or two dependent child(ren).</i> 40% of base salary</p> <p><i>No Spouse.</i> <i>Three or more dependent children.</i> 50% of base salary</p>
<p><b>Retirement Eligibility</b></p>	<p>If the member's death occurs after the member is eligible for normal retirement under a defined benefit 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.</p>	<p>If a member's death occurs after the member is eligible for normal retirement under a defined benefit 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.</p>
<p><b>Duration of Benefits</b></p>	<p>Survivor benefits to a spouse are payable for life.</p> <p>Benefits may be extended for an incapacitated child.</p>	<p>Same</p>

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<p><b>Taxability Of Benefits</b></p>	<p>Statewide Death &amp; Disability plan benefits provide 24-hour coverage, both on and off duty.</p>
<p><b>On-Duty Disability Benefit</b></p>	<p>On-duty disability benefits are free from state and federal income taxes in the event that a member's disability is determined by the FPPA Board to be the result of an <i>on-duty</i> injury or an <i>occupational disease</i>.</p>
<p><b>On-Duty Survivor Benefit</b></p>	<p>On-duty survivor benefits are free from state and federal income taxes in the event that a member's death is determined by the FPPA Board to be the result of an <i>on-duty</i> injury or an <i>occupational disease</i>.</p>
<p><b>Money Purchase Funds</b></p>	<p>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.</p>
<p><b>Statewide Defined Benefit Plan - Separate Retirement Account (SRA)</b></p>	<p>Members having an SRA account and having been granted an <i>on-duty</i> disability receive his/her SRA distribution tax-free.</p>



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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.

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