FPPA | Fire & Police Pension Association of Colorado

Statewide Death & Disability Plan



Overview

The **Statewide Death & Disability Plan (SWDD)** provides 24-hour, on- and off-duty coverage in the event that eligible Members are disabled or pass away.

This Plan provides benefits for long-term disabilities, i.e. a medical condition that is expected to keep Members off the job for at least 12 months. Disabilities in this Plan fall under two categories: Occupational Disability and Total Disability. Each category has different requirements and benefit amounts which are described in detail throughout this brochure.

Death benefits for surviving spouses and dependent children vary based upon whether the death is determined to be on- or off-duty. This determination will impact the amount and taxability of benefit payments. See details in the *Survivor Benefits* and *Taxability of Benefits* sections of this brochure.

Eligibility Requirements

Members are eligible for benefits from this Plan until they meet the requirements for Normal Retirement or enter DROP under a defined benefit plan or have reached 25 years of accumulated service and age 55 under a money purchase plan.

Members must submit their disability application within 365 days of their last day on payroll with the SWDD-covered department. If possible, Members are encouraged to apply while still on payroll with the department.

Base Salary

Base Salary (also known as Pensionable Earnings) generally includes base rate of pay plus longevity and shift differential, if applicable. The complete definition of Base Salary can be found at FPPAco.org.

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

Two Types of Disability Covered Under This Plan

1. 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 one year. Assigned duties are the specific tasks or jobs that a Member is required to regularly perform. Occupational Disability has two subcategories: Temporary Occupational Disability and Permanent Occupational Disability.

Temporary Occupational Disability

Occupational Disability that has a prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy, or other means. There is a reasonable expectation that the Member may recover from this disability and return to work as a firefighter, police officer, or other first responder. If the Member returns to work after receiving a Temporary Occupational Disability, they will receive service credit in an applicable retirement plan, as long as they remain eligible.

Permanent Occupational Disability

Occupational Disability caused by a medical condition which prevents the Member from performing their duties as assigned. The Member has the ability to perform gainful activities, but not as a firefighter, police officer, or other first responder.

2. Total Disability

Total Disability means the Member is unable to perform any substantial, gainful activity due to a severe medical condition which may result in shortened life expectancy or death.

Benefits

Note: Once granted, benefits for all disability types are payable the day after the Member's last day on the Employer's payroll.

	Occupational Disability		Total Disability
	Temporary Occupational Disability	**Permanent Occupational Disability**	
Basic Benefit Amount (Before offsets or payment options are calculated.)	40% of Base Salary	50% of Base Salary	70% of Base Salary
Duration of Benefits	Maximum of five years. After five years, the Member returns to work at the department, unless the Member's disability status has been changed to Permanent Occupational or Total Disability, or benefits are discontinued prior to the end of the five-year period.	May be payable as long as the disability exists, and as long as the Member remains eligible for the benefit. An annual verification of eligibility process applies.	May be payable as long as the disability exists, and as long as the Member remains eligible. An annual verification of eligibility process applies.
Periodic Reexaminations	Required. FPPA will also require treatment, counseling, and therapy necessary to rehabilitate the Member in order to return to work.	Generally not required.	Generally not required.
Change in Disability Status	The Member's benefit may be changed to Permanent Occupational or Total Disability anytime within five years from their original disability start date. A complete application must be filed with FPPA within 180 days of the five-year deadline.	The Member's benefit may be changed to Total Disability anytime within five years from their original disability start date. A complete application must be filed with FPPA before reaching the five-year deadline.	The Member's benefit may be changed to a Permanent Occupational Disability or Temporary Occupational Disability when FPPA receives evidence that the Member is no longer totally disabled.
Does This Benefit Ever Revert to a Normal Retirement?	Yes, if the Member reaches age and service requirements for Normal Retirement, including time on disability, under a defined benefit plan or a hybrid plan, or 25 years and age 55 under a money purchase plan.	If a Member is awarded a Permanent Occupational Disability, but is within five years of Normal Retirement eligibility, they may elect to receive a Temporary Occupational benefit in order to revert to a Normal Retirement as described to the left.	No.
What Benefit Payment Options are Available?	The Member does not elect a benefit payment option. A monthly benefit equal to 40% of Base Salary is paid to the Member. If a Member dies while on Temporary Disability, the *Survivor Benefits* explained on page 6 of this brochure would apply.	When their benefit begins, the disabled Member elects one of the payment options listed on the next page. This payment option determines the amount payable to a beneficiary, if any.	When their benefits begin, the disabled Member elects one of the payment options listed on the next page. This payment option determines the amount payable to a beneficiary, if any.
Cost of Living Adjustments (COLAs)	Temporary Occupational Disability recipients are not eligible for COLAs.	COLAs are not a fixed amount and are not guaranteed. A COLA of up to 3% may be granted by the FPPA Board annually. COLAs, if any, are effective October 1. Members become eligible for COLAs after receiving disability retirement benefits for at least 12 calendar months prior to October 1.	By state statute, an annual 3% COLA will be applied to those receiving Total Disability. COLAs are effective October 1. Members become eligible for COLAs after receiving disability retirement benefits for at least 12 calendar months prior to October 1.

Benefit Payment Options

The benefit payment options listed here only apply to recipients of a Permanent Occupational Disability or Total Disability.

Members who are awarded either a Permanent Occupational Disability or Total Disability benefit may choose from four payment options:

Single-Life Benefit

The disabled retiree receives a monthly benefit payable for as long as the disability exists and as long as the Member remains eligible. No monthly benefits are paid to a beneficiary following the retiree's death.

The following options provide a benefit payable to a designated beneficiary after the Member passes away:

The amount of the benefit is based on the age of the Member and the age of their designated beneficiary. The options described below are actuarially equivalent to the Single-Life Benefit.

100% Survivor Benefit

The disabled retiree receives a monthly benefit for as long as the disability exists and as long as the Member remains eligible. When the retiree passes away, the same monthly benefit amount will be paid to the retiree's designated beneficiary for their life.

50% Survivor Benefit

The disabled retiree receives a monthly benefit for as long as the disability exists and as long as the Member remains eligible. When the retiree passes away, one half of the retiree's monthly benefit amount will be paid to the designated beneficiary for their life.

100% Family Benefit

The disabled retiree receives a monthly benefit for as long as the disability exists and as long as the Member remains eligible. When the retiree passes away, the same monthly benefit amount will be 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 Rules, "Spouse" for the purposes of this payment option 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. "Spouse" also includes a partner in a civil union effective May, 2013 - per Colorado Revised Statues, Title 12, Article 15 - Colorado Civil Union Act.*

Disability and Survivor Benefits Offsets

The money purchase offsets (reductions) listed here apply to those receiving Permanent Occupational Disability, Total Disability, or survivor benefits.

The purpose of offsets is to equalize the payment of death and/or disability benefits for Members participating in defined benefit plans and for Members participating in money purchase plans.

Money Purchase Funds

This section applies to Members with money purchase funds that are available to the Member or survivor at the time disability or survivor benefits are granted. 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.

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(s) from these sources.

Other Income and Investments

Earned income, spousal income, Individual Retirement Accounts, insurance benefits, legal awards, and other investment incomes are not subject to offset. Deferred compensation accounts are generally not subject to offset.

Other Procedures

Verification of Eligibility

FPPA is required by law to monitor certain disability benefit eligibility requirements. Annually, benefit recipients may be required to complete a Verification of Eligibility survey. Certain supporting documents, such as tax returns, may also be required. Affected Members must complete the survey and provide any required documentation by the deadline to avoid suspension of benefits.

Leaves of Absence

Statewide Death & Disability Plan coverage, including required payroll contributions, continues during a Member's leave of absence. Under military leave, any benefits payable under the Statewide Death & Disability Plan are offset by any death and/or disability benefits received from the military.

Survivor Benefits

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

The benefits listed below are offset by any applicable money purchase accounts. Benefits may be increased by a Cost of Living Adjustment (COLA) of up to 3%, effective October 1 of each year. COLA eligibility begins after the survivor has received 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 the Member's Base Salary **Spouse and dependent child(ren) living in the Member's household:** 70% of Member's Base Salary **No spouse, dependent child(ren) living in the Member's household:** 70% of the Member's Base Salary **No spouse, dependent children not living in the Member's household:** 40% of the Member's Base Salary for the first child, 15% for each additional child, not to exceed a 70% total benefit	**Spouse only:** 40% of the Member's Base Salary **Spouse and one dependent child:** 40% of the Member's Base Salary **Spouse and two or more dependent children:** 50% of the Member's Base Salary **No spouse, one or two dependent children:** 40% of the Member's Base Salary **No spouse, three or more dependent children:** 50% of the Member's Base Salary
Retirement Eligibility	If the Member's death occurs after the Member is eligible for Normal Retirement or enters DROP under a defined benefit or hybrid plan, or 25 years of service and age 55 under a money purchase plan, the survivor benefit paid is the difference between 70% of the Member's Base Salary and the survivor benefit payable from the Member's retirement plan.	If a Member's death occurs after the Member is eligible for Normal Retirement or enters DROP under a defined benefit or hybrid plan, or 25 years of service and age 55 under a money purchase plan, the survivor receives the Member's defined benefit, hybrid, or money purchase plan benefit. No benefit is paid from the Statewide Death & Disability Plan.
Duration of Benefits	Survivor benefits to a spouse for **both** on- and off-duty deaths are payable for life. Benefits for dependent children are payable until age 23 as long as the child remains a dependent. Benefits may be extended for an incapacitated child.	

Taxability of Benefits

Depending on whether the benefit granted was on- or off-duty, disability and survivor payments may or may not be subject to income taxes. Applicants claiming a duty-related death or disability must provide documentation to support their claim with the application.

On-Duty Disability and Survivor Benefits

On-duty disability and survivor benefits are free from state and federal income taxes if FPPA determines that the Member's disability is the result of an on-duty injury or an occupational disease.

Off-Duty Disability and Survivor Benefits

Off-duty disability and survivor benefits are subject to state and federal income taxes.

Money Purchase Funds

Members covered under either the Statewide Money Purchase Plan or the Money Purchase Component of the Statewide Retirement Plan, and who have been granted an on-duty disability status, may receive their money purchase distribution tax-free. FPPA recommends Members consult with a tax advisor when filing annual tax returns.

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

This plain language document is intended for information purposes only.

Official interpretations or determinations are based upon the statutes, plan documents, and Rules & Regulations which govern this Plan.

Notes

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