

CSRS

Civil Service  
Retirement  
System

# Retirement Facts 4



## Disability Retirement Under the Civil Service Retirement System



United States  
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Additional retirement information and all publications of the U.S. Office of Personnel Management listed in this pamphlet are available on the Internet.

OPM Website — *<http://www.opm.gov/asd>*

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## ***Introduction***

This pamphlet is an overview of disability retirement under the Civil Service Retirement System (CSRS).

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## ***Eligibility***

If you become disabled during the course of your Federal career, you may be entitled to a disability annuity under the Civil Service Retirement System. First of all, you must have completed at least 5 years of Federal civilian service. Second, while employed in a position covered under the CSRS, you must have become disabled for “useful and efficient service” in both your current position and any other vacant position at the same grade or pay level for which you are qualified.

Before you can be considered eligible for disability retirement benefits, your employing agency must determine that you are not qualified for reassignment to any other vacant position within your agency and your commuting area at the same grade or pay level of the position you currently occupy. In addition, you or someone acting for you must file an application for disability retirement. Ask your servicing personnel office for the application form, Standard Form (SF) 2801. There is a strict time limit for filing an application. The U.S. Office of Personnel Management (OPM) can only waive it in very limited circumstances. The application has complete filing instructions. Read these instructions and follow them carefully.

You are “disabled” when the information submitted indicates that there is a service deficiency, caused by disease or injury, of sufficient degree to preclude useful and efficient service. “Useful and efficient service” means (1) either acceptable performance of the critical or essential elements of the position or the ability to perform at that level; and (2) satisfactory conduct and attendance. Service which is not “useful and efficient” is a

level of performance or attendance which, if it were to continue, would warrant denial of a within-grade increase, demotion, separation, or other remedial action.

If you refuse reassignment to a position at the same grade or pay level in the same commuting area, your refusal terminates the agency's obligation to identify any other vacant position and may disqualify you from further consideration for disability retirement.

A claim for disability retirement must include documentation that clearly and specifically establishes:

- (1) A deficiency in service with respect to performance, conduct, or attendance, or in the absence of any actual service deficiency, a showing that the medical condition is incompatible with either useful service or retention in the position;
- (2) A medical condition defined as disease or injury, including psychiatric disease;
- (3) That the medical condition caused the service deficiency;
- (4) The duration of the medical condition, both past and expected, and a showing that the condition, in all probability, will continue for at least a year;
- (5) The inability to provide useful and efficient service arose while serving under the Civil Service Retirement System;
- (6) The inability of the employing agency to make reasonable accommodation to the medical condition; and

- (7) The absence of another position, within the employing agency and commuting area, at the same grade or pay level and tenure, for which the employee is qualified for reassignment.

Your agency will provide assistance in obtaining the required forms to obtain statements from your supervisors and attending physicians and proof that your condition prevents you from performing useful and efficient service. If you are found to be disabled as outlined above, your retirement will be approved. Up to the age of 60, you will be subject to periodic medical reevaluation to determine whether the disabling condition continues to exist, and an annual review of your earnings to determine whether you are “restored to earning capacity.”

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### ***Computation of Benefits***

The annuity you are paid if you retire because of disability is the ***higher*** of two figures:

- (1) the first figure is the amount of your “earned annuity” (your earned annuity is a percentage of your highest 3 years’ average salary which is based on the service you have actually performed);
- (2) the second figure is the guaranteed minimum disability annuity. This guaranteed minimum is the ***lower*** of —
  - 40 percent of the highest 3 years’ average salary or,
  - the earned annuity you would get if your length of service were extended to age 60.

**Note:** The disability benefit will usually equal the earned benefit (#1 above) if you have approximately 22 or more years of Federal service, or if you are age 60 or older when you retire.

If you are receiving military retired or retainer pay, or compensation

from the Department of Veterans Affairs in lieu of such pay, your disability annuity will also be based on the earned benefit, unless the sum of this earned benefit and your military benefit is less than the guaranteed minimum (#2 above). In that case, your earned benefit will be increased until the sum of the earned benefit and the military benefit equals the guaranteed minimum amount.

The “earned annuity” is simply the sum of 1.5 percent of the highest 3 years’ average salary (high-3) times the first 5 years of service, plus 1.75 percent of the high-3 times the next 5 years, plus 2 percent of the high-3 times service over 10 years.

As an illustration, if you had been employed for 12 years before becoming disabled at age 40 (and assume a high-3 average salary of \$20,000), you obtain the “earned annuity”—the amount needed under (1) above—as follows:

|                                |   |       |               |
|--------------------------------|---|-------|---------------|
| .015 x 5 years                 | = | 7.50% |               |
| .0175 x 5 years                | = | 8.75% |               |
| .02 x 2 years                  | = | 4.00% |               |
| <b>(Earned annual annuity)</b> |   |       | <b>20.25%</b> |
| <b>(\$4,050)</b>               |   |       |               |

Obviously, the earned annuity is less than 40 percent of the high-3. The next step is to compare 40 percent of the high-3 to the computation projecting your service to age 60 to see which is less. To do this, you would add 20 years to the earned annuity computation above (age 60 minus actual 40 years of age in our example = 20).

|                              |   |        |               |
|------------------------------|---|--------|---------------|
| .02 x additional 20 years    | = | 40.0%  |               |
| (Earned annuity)             | + | 20.25% |               |
| <b>(Projected to age 60)</b> |   |        | <b>60.25%</b> |
| <b>(\$12,050)</b>            |   |        |               |

In the example, 40 percent of the high-3 is less than the result obtained by projecting the length of service to age 60, so 40 percent of the high-3 (\$8,000 per year) would be payable. This is because of the rule requiring that the lesser of 40 percent of the high-3 or the projected service formula is used.

If you were age 56 at the time you became disabled and had been employed for 24 years, the computation, using the same formula and average salary, would look like this:

|                           |   |               |
|---------------------------|---|---------------|
| .015 x \$20,000 x 5 years | = | 7.5%          |
| .0175 x \$20,000 x 5 year | = | 8.75%         |
| .02 x \$20,000 x 14 years | = | 28.0%         |
| <b>(Earned annuity)</b>   |   | <b>44.25%</b> |
| <b>(\$8,850)</b>          |   |               |

Since the earned annuity is more than the 40 percent figure, there is no need to compare it to the computation projecting your service to age 60. The earned annuity will be used whenever it is more than 40 percent of your high-3.

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### **Taxes**

Under current law there is no Federal tax benefit unless the taxpayer is totally disabled for all gainful employment. Since the U.S. Office of Personnel Management's (OPM's) decision on your application must be based only on whether you are disabled for your current position, or a vacant position of equal grade or pay, a finding of disability by OPM may not meet the Internal Revenue Service's criteria. If your application is based partly on the belief that Civil Service disability retirement will result in a tax advantage, you should check with your local Internal Revenue Office for current tax information.



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### ***Additional Information***

You may obtain copies of the pamphlets listed below from your personnel office, from OPM's Website (<http://www.opm.gov/asd>), or from OPM ONLINE (OPM's electronic bulletin board) at (202) 606-4800. To access OPM ONLINE, your communications software should be set to the following:

Baud: Up to 28,800  
Parity: None  
Data bits: 8  
Stop bit: 1

Pamphlets in the Retirement Facts Series provide more detailed information about the Civil Service Retirement System (CSRS):

- ***Retirement Facts #1*** - The Civil Service Retirement System (RI 83-1)
- ***Retirement Facts #2*** - Military Service Credit Under the Civil Service Retirement System (RI 83-2)
- ***Retirement Facts #3*** - Deposits and Redeposits Under the Civil Service Retirement System (RI 83-3)
- ***Retirement Facts #4*** - Disability Retirement Under the Civil Service Retirement System (RI 83-4)
- ***Retirement Facts #5*** - Survivor Benefits Under the Civil Service Retirement System (RI 83-5)
- ***Retirement Facts #6*** - Early Retirement Under the Civil Service Retirement System (RI 83-6)
- ***Retirement Facts #7*** - Computing Retirement Benefits Under the Civil Service Retirement System (RI 83-7)
- ***Retirement Facts #8*** - Credit for Unused Sick Leave Under the Civil Service Retirement System (RI 83-8)
- ***Retirement Facts #9*** - Refunds Under the Civil Service Retirement System (RI 83-9)
- ***Retirement Facts #10*** - Voluntary Contributions Under the Civil Service Retirement System (RI 83-10)
- ***Retirement Facts #11*** - Information for Separating Civil Service Retirement System Employees Who Are Not Eligible for an Immediate Annuity (RI 83-13)

- **Retirement Facts #12** - Information About Reemployment for Civil Service Retirement System Annuitants (RI 83-18)
- **Retirement Facts #13** - Civil Service Retirement System Offset Retirement (RI 83-19)
- **Retirement Facts #14** - Law Enforcement and Firefighter Civil Service Retirement System (RI 83-20)

Pamphlets applicable to employees in both the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) are:

- Court-Ordered Benefits for Former Spouses (RI 84-1)
- Work-Related Injuries and Fatalities — What You and Your Family Need to Know About Your Benefits (RI 84-2)
- Life Events and Your Retirement Insurance Benefits (*For Employees*) (RI 84-3)
- Thinking About Retirement? (RI 83-11)

Publications for employees who are under the Federal Employees Retirement System (FERS) are:

- FERS Brochure (*An Overview of Your Benefits*) (RI 90-1)
- **FERS Facts #1** - Information for Separating FERS Employees Who Are Not Eligible for an Immediate Annuity (RI 90-11)
- **FERS Facts #2** - Information About Reemployment for FERS Annuitants (RI 90-18)

For employees who are eligible to transfer to the FERS:

- FERS Transfer Handbook (*A Guide to Making Your Decision*) (RI 90-3)

**Pamphlets on the Federal Employees Health and Life Insurance Programs are:**

- Federal Employees Health Benefits Guide (RI 70-1)
- Temporary Continuation of Coverage (TCC) under the Federal Employees Health Benefits Program (RI 79-27)
- Federal Employees Group Life Insurance Booklet (RI 76-21)

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## **Retirement & Insurance Service**



Serving over 10 million customers, Federal employees,  
annuitants, and their families