

94-411 MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chapter 513: DISABILITY RETIREMENT COMPENSATION LIMITATIONS AND BENEFIT OFFSETS

SUMMARY: This Chapter provides guidance on compensation limitations and offsets applicable to disability retirement benefits and the submission of annual statements of compensation by disability retirees.

SECTION 1. DEFINITIONS

1. **Earnings.** “Earnings” as used in this Chapter means wages, tips, and other compensation from employment that is reported as Medicare wages and tips on federal W-2 tax forms and income that is reported on federal self-employment tax schedules as subject to self-employment tax. Unless the context indicates otherwise, “compensation” received from engaging in any gainful activity, occupation, or employment as used in Title 5, Sections 17930 or 18530 has the same meaning as earnings.
2. **Statement of Compensation.** “Statement of compensation” as used in Title 5, Part 20, means: (1) a completed, signed form in the format prescribed by the Chief Executive Officer specifying the disability retiree’s earnings; and (2) a copy of the disability retiree’s federal W-2 tax forms, any self-employment tax schedules filed by or for the disability retiree, and any other federal tax forms and schedules determined by the Chief Executive Officer to be necessary to show the disability retiree’s earnings.

SECTION 2. EARNINGS LIMITATIONS, OFFSETS, AND THE ANNUAL STATEMENT OF COMPENSATION PROCESS

1. Title 5, Sections 17930 and 18530 specify the calculation of earnings limitations for each retiree and the reduction, or offset, to disability retirement benefits when the retiree also receives disability benefits under other laws, including workers’ compensation benefits and Social Security disability benefits. These sections also specify the steps to be taken when a retiree exceeds earnings limitations, including the reduction or elimination of further benefits and reimbursement of any remaining excess benefit payments.
2. Earnings and benefits as reported in the annual statement of compensation process will be used in applying the benefit reduction provisions in Title 5, Sections 17930 or 18530.
3. The statement of compensation required by Title 5, Sections 17931 or 18531 must be submitted so that it is received by MainePERS by the deadline for filing federal tax returns for the year covered by the statement of compensation.
 - A. A disability retiree who obtains an extension of the tax filing deadline must submit proof of the extension application so it is received by MainePERS by the original deadline. The statement of compensation will be due on the extended deadline.
 - B. MainePERS may extend the deadline or waive in whole or in part the statement of compensation requirement for good cause.

- C. Disability retirement benefits may be withheld for failure to submit a statement of compensation only after compliance with Title 5, Section 17105-A, including the right to an informal hearing, written decision, and appeal process.
 - D. If disability retirement benefits are withheld for failure to submit a statement of compensation and the statement is subsequently submitted within one-year of the original due date, MainePERS will disburse the withheld benefits to the retiree.
4. In order for MainePERS to accurately apply the benefit reductions in Title 5, Sections 17930 and 18530 for receipt of other benefits, except as provided in paragraph A, each person required to submit a statement of compensation must at the same time and on the same form report any Social Security disability and workers' compensation benefits and submit any SSA-1099 tax form received for the year covered by the statement of compensation.
- A. A disability retiree is not required to report Social Security benefits or provide SSA-1099 tax forms if the retiree was not covered by Social Security during the employment service associated with the disability retirement.
 - B. If the information submitted reflects a decrease in other benefits or an increase beyond a cost of living adjustment, MainePERS, with the cooperation of the retiree, will seek further information from the other benefit provider to determine whether the change in other benefits should result in a change in benefit reductions.