
CSRS DISABILITY RETIREMENT

Criteria for a Disability Retirement

Eligibility Requirements

Documentation Required

Disability Annuity Calculations

Termination of Disability Benefits

Eligibility

Criteria for Disability Retirement

A disability retirement is a benefit provided to protect an employee who is no longer able to provide useful and efficient service in his or her current grade or pay level because of a medical condition. Disability retirement should be a last resort and is appropriate only when reasonable efforts to preserve the person's employment have failed.

Basic Eligibility Requirements:

1. 5 years of creditable civilian service
2. Must have become disabled for useful and efficient service while employed in a position covered under CSRS.

Documentation Required

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.

Disability Annuity Calculations

The disability computation is the higher of two figures:

1. The first figure is the amount of your “earned annuity” based on the high-3 average salary and service actually performed. This annuity is not reduced if under age 55. (If you have more than 22 years of service, or you are age 60 or older, the disability retirement is usually based upon this calculation.)
2. The second figure is the guaranteed minimum disability annuity. This guaranteed minimum is the lower of -
 - 40 percent of the high-3 average salary, or
 - the earned annuity payable if the length of service were projected to age 60.

Generally, employees receiving military retired pay or VA compensation are not eligible for the guaranteed minimum computation.

Example: Earned Annuity

Disability retiree:

- Age 50
- 25 years of service

Disability benefit:

- 46.25% of average salary (25 years)
- No age reduction

Taxes on Disability Retirements:

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



Termination of Disability Benefits

A disability annuity terminates if you are found recovered, restored to earning capacity or reemployed in Federal service.

Medical Recovery

OPM may require periodic reevaluations on your medical condition until age 60. If OPM finds you recovered, your disability annuity payments will stop one year from the date of the medical examination showing your recovery or on the date that you are reemployed in the Federal service, whichever occurs first.

Restoration to Earning Capacity

If your earnings from wages or self-employment equal at least 80 percent of the current salary rate of the position from which you retired, you are considered restored to earning capacity and your disability annuity payments terminate six months from the end of the calendar year in which your earning capacity is restored or on the date that you are reemployed in Federal service, whichever occurs first. Benefits may be reinstated if income falls below the 80% level and the disease or condition on which your disability retirement was approved still exists.

Reemployment in Federal Service

If you are reemployed in the Federal government or the Postal Service, your reemployment may affect your receipt of disability retirement or the amount of your salary.