

Board of Pensions Administrative Rules

Section:	8 (Disability)	Subject:	Application of Disability Benefit Increases for Disabled Members
Rule Number:	810	Resource:	Benefits
Reference:		Original Date:	11/94
Article XI, Section 11.3(h)		Revision Date:	6/95, 5/05, 4/06, 1/07

Beginning 1/1/08 the disability benefit increase (DBI) will be calculated by multiplying the member's BOP disability benefit by the approved DBI. The disability benefit used for this calculation is the net disability benefit paid to the member after reductions for Social Security or other disability benefits.

Example:

Member's gross disability benefit	\$2,250.00
Initial Social Security offset	<u>-1,050.00</u>
Member's net disability benefit as of 12/31	\$1,200.00
3% DBI x \$1,200	<u>36.00</u>
Member's adjusted net disability benefit effective 7/1	\$1,236.00

The 2007 DBI which is applied on 7/1/2007 will be determined using a phase-in of the new procedure which is effective on 1/1/2008. That disability benefit increase (DBI) will be calculated in the following manner:

Multiply the member's net BOP disability benefit by the DBI, and separately multiply the member's gross disability benefit (BOP benefit plus any offset deduction) by the DBI. Increase the member's BOP disability benefit by the lower amount plus 50% of the difference between the two amounts.

Example:

Step 1:

Member's gross disability benefit	\$2,250.00
Initial Social Security offset	<u>-1,050.00</u>
Member's net disability benefit as of 12/31/06	\$1,200.00
3% DBI x \$1,200	<u>36.00</u>
Sum	\$1,236.00

Step 2:

Member's gross disability benefit	\$2,250.00
Initial Social Security offset	<u>-1,050.00</u>
Member's net disability benefit as of 12/31/06	\$1,200.00
3% DBI x \$2,250	<u>67.50</u>
Sum	\$1,267.50

Step 3:

Result from Step 1	\$1,236.00
Result from Step 2	<u>\$1,267.50</u>
Difference	\$31.50
One half of the difference	\$15.75

Step 4:

Result from Step 1	\$1,236.00
Result from Step 3	<u>\$15.75</u>
New benefit amount effective 7/1/07	\$1,251.75