



Catastrophic Disability Survivor Benefit

Comprehensive Report

September 24, 2025

Issue

DRS made three policy decisions following implementation of the catastrophic benefit for survivors:

- 1. To not use the 70% catastrophic disability benefit to determine the survivor benefit.**
- 2. To ensure that the catastrophic disability survivor benefits are the same as the survivor benefit for members killed in the course of employment.**
- 3. To not refund the survivor reduction that a catastrophic disability retiree took on their benefit if their death is later determined to be duty related.**

Background

- Catastrophic Disability benefit passed in 2006.
- Initial DRS Policy: Survivor benefit was based on the catastrophic benefit (higher of 70% FAS or duty disability benefit).
- Current Policy: Survivor benefit is now based on duty disability benefit. Adopted by DRS decision paper, 5/30/2014. Decision paper identified WACs would need to be updated, that has not occurred yet.

1. To not use the 70% catastrophic disability benefit to determine the survivor benefit.

Issue – Benefit paid to a catastrophically disabled retiree can vary based on the offsets, which creates challenges for administration and for the retiree to understand what benefit will be provided.

- Pros
 - Removes uncertainty
- Cons
 - Reduces the survivor benefit
 - Does not provide catastrophic disability retirees the same survivor benefits as all other retirees

2. To ensure that the catastrophic disability survivor benefits are the same as the survivor benefit for members killed in the course of employment.

Issue: DRS staff raised concerns that that survivors of catastrophic disability retirements and survivors of members killed in the course of employment are not treated the same.

Pros

- The benefits paid to survivors are more equivalent to each other

Cons

- Benefits are still not the same because of the reduction to the catastrophic survivor benefit
- The circumstances of the retiree's death are not the same because the retiree and their spouse to take a reduction on their benefit

3. To not refund the survivor reduction that a catastrophic disability retiree took on their benefit if their death is determined to be duty related.

Issue: DRS applies a survivor reduction while the retiree is alive. A survivor benefit for a member killed in the course of employment does not require a survivor reduction.

Pros

- Cost savings to the plan.

Cons

- Inconsistent with duty related death benefits policy.

Background

67 Catastrophic Disability Retirees

- 23 receiving the 70% formula
- 44 receiving the duty disability benefit formula

Example 1 – 70% FAS Formula

- Catastrophic disability retiree with 15 years of service, and a FAS of \$10,000/month. Wife is 2 years younger.
- Receives \$1,500/month in LNI, \$1,500/month in SSDI
- L2 Minimum Catastrophic Benefit – \$7,000/month
- Total compensation - \$10,000/month
- No offset applies
- L2 Benefit - \$7,000/month
- Retiree dies 5 years later, death is determined to be duty related

Example 1 Continued

1. To not use the 70% catastrophic disability benefit to determine the survivor benefit.
 - Reduction applied to Duty Disability Benefit (\$3,000/month) instead of \$7,000/month.
2. To ensure that the catastrophic disability survivor benefit is not more than the survivor benefit for members killed in the course of employment.
 - If this member had been killed in the course of employment the survivor would have received \$3,000/month with survivor reduction.
3. To not refund the survivor reduction that a catastrophic disability retiree took on their benefit if their death is determined to be duty related.
 - Member took \$27,360 in survivor reductions over 5 years.

Example 2 – Duty Disability Formula

- Catastrophic disability retiree with 30 years of service, and a FAS of \$10,000/month. Wife is 2 years younger.
- Receives \$3,000/month in LNI, \$3,000/month in SSDI
- L2 Minimum Catastrophic Benefit – \$7,000/month
- Total compensation - \$12,000/month
- Offset applies - \$2,000/month
- L2 Minimum Catastrophic Benefit w/Offset - \$5,000/month
- Duty Disability Benefit - \$6,000/month
- Retiree dies 5 years later, death is determined to be duty related

Example 2 Continued

1. To not use the 70% catastrophic disability benefit to determine the survivor benefit.
 - Reduction applied to Duty Disability Benefit (\$6,000/month).
2. To ensure that the catastrophic disability survivor benefit is not more than the survivor benefit for members killed in the course of employment.
 - If this member had been killed in the course of employment the survivor would have received \$6,000/month with survivor reductions.
3. To not refund the survivor reduction that a catastrophic disability retiree took on their benefit if their death is determined to be duty related.
 - Member took \$54,720 in survivor reductions over 5 years.

Policy Option 1

No change to current DRS practice of basing survivor benefit on Duty Disability Benefit amount.

Pros

- Easier to administer, removes uncertainty of survivor benefit amount receiving 70% benefit.
- Aligns benefit more closely with survivor benefit for members killed in the course of employment in all cases.

Cons

- Survivor benefit is based on a different amount than what the retiree is receiving in some cases.
- Inconsistent with other survivor benefits.

Policy Option 2

Catastrophic disability survivor benefit based on the benefit the member qualifies for at time of retirement before offsets (70% FAS or Duty Disability Benefit).

Pros

- Catastrophic disability retirees have the same survivor options as other retirees.
- Eliminates situations where the survivor benefit is reduced from the retiree's benefit.

Cons

- Line of duty death benefit and catastrophic disability benefit would not be the same.
- Unclear how to handle reductions when L2 benefit changes due to changing offsets.
- Prospective or retroactive?

Policy Option 3

Refund disability duty death survivors the amount they paid for a survivor reduction if the member's death is determined to be duty related.

- **Pros**

- Consistent with treatment of survivors of members killed in the course of employment.

- **Cons**

- There will be a cost to the plan.
- Prospective or retroactive?

Next Steps

- **Final Briefing on:**
 - **Option 1** - No change to current DRS practice of basing survivor benefit on Duty Disability Benefit amount.
 - **Option 2** - Catastrophic Disability Survivor benefit based on the benefit the member qualifies for at time of retirement before offsets.
 - **And/or Option 3** - Refund disability duty death survivors the amount they paid for a survivor reduction if the member's death is determined to be duty related.
- **No action at this time**



Thank You

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