

§18530-A. Reduction in amount of benefit

1. Compensation from employment; reduction of benefits required. The amount of a person's disability retirement benefit must be reduced when the person receives compensation in any year from engaging in any gainful activity or from employment that exceeds the greater of:

A. Thirty-five thousand five hundred dollars in calendar year 2026, increased on January 1st of each calendar year by the percentage increase in the Consumer Price Index during the 12 months ending on December 31st of the prior calendar year; and [PL 2025, c. 598, §26 (NEW).]

B. The difference between the person's disability retirement benefit for that year and the higher of the person's average final compensation at the time that the person became a recipient of a disability retirement benefit and the person's final annual compensation, each increased on January 1st of each calendar year by the percentage increase in the Consumer Price Index during the 12 months ending on December 31st of the prior calendar year. [PL 2025, c. 598, §26 (NEW).]

Disability retirement benefits must be reduced by the amount of compensation for gainful activity or employment received in excess of the amount described in paragraph A or B, whichever is applicable, for a one-year period, prorated on a monthly basis over the year.

[PL 2025, c. 598, §26 (NEW).]

2. Reduction for employment; hardship; discontinuance; resumption of benefits; voluntary termination of benefits. The following provisions apply to the reduction of benefits pursuant to subsection 1.

A. The chief executive officer shall waive the reduction set forth in subsection 1 if the person demonstrates that the excess compensation has ceased and that continuing the reduction would cause a hardship. [PL 2025, c. 598, §26 (NEW).]

B. If the disability retirement benefit payments are eliminated by subsection 1, the disability is deemed to no longer exist, the payment of the disability retirement benefit must be discontinued and, except as provided in paragraph C, all of the person's rights to benefits under this article cease. [PL 2025, c. 598, §26 (NEW).]

C. If, during the first 5 years of reemployment, the person again becomes disabled, terminates employment and is not covered by any other disability program, the retirement system shall resume paying the disability retirement benefit payable prior to the reemployment with all applicable cost-of-living adjustments and shall provide rehabilitation services in accordance with section 18527. If, during the first 5 years of reemployment, the person again becomes disabled, terminates employment and is covered by another disability program and the benefit payable under the other disability program is not equal to or greater than the benefit under this article, the retirement system shall pay the difference between the amount of the benefit payable under the other disability program and the amount of the benefit payable under this article. The chief executive officer shall require examinations or tests to determine whether the person is disabled as described in section 18521. [PL 2025, c. 598, §26 (NEW).]

D. At any time before the elimination of disability retirement benefit payments by subsection 1, the person may request that the benefit payments be terminated, and the chief executive officer shall terminate benefit payments at the end of the month in which the request is received. [PL 2025, c. 598, §26 (NEW).]

[PL 2025, c. 598, §26 (NEW).]

3. Disability payments under other laws. The reduction of disability retirement benefits because of disability benefits received under other laws is governed as follows.

A. The amount of any disability retirement benefits payable under this article must be reduced by any amount received by the person for the same disability under the workers' compensation or

similar laws, except amounts that may be paid or payable under former Title 39, section 56-B or Title 39-A, section 212, subsection 3. [PL 2025, c. 598, §26 (NEW).]

B. The reduction in the disability benefit is governed as follows:

- (1) The initial disability retirement benefit must be reduced if necessary so that the benefit plus any benefits under paragraph A do not exceed 80% of the person's average final compensation;
- (2) The amount determined by the calculation under subparagraph (1) may not be adjusted when cost-of-living adjustments are applied to the benefits listed under paragraph A; and
- (3) Adjustments under section 18407 must be applied to the reduced disability retirement benefit calculated under subparagraph (1) or paragraph C. [PL 2025, c. 598, §26 (NEW).]

C. The disability retirement benefit may not be reduced below the amount of the retirement benefit that is the actuarial equivalent of the person's accumulated contributions at the time of retirement. [PL 2025, c. 598, §26 (NEW).]

D. A lump-sum settlement of benefits that reduces the disability retirement benefit under this subsection must be prorated on a monthly basis in an equitable manner prescribed by the board.

- (1) The prorated lump-sum settlement may not include any part of the lump-sum settlement attributable to rehabilitation, attorney's, physicians', nurses', hospital, medical, surgical or related fees or charges or any amount paid or payable under former Title 39, section 56-B or Title 39-A, section 212, subsection 3.
- (2) The prorated lump-sum settlement must reduce the disability retirement benefit in the same manner and amount as monthly benefits under this subsection. [PL 2025, c. 598, §26 (NEW).]

E. Any dispute about amounts paid or payable under the workers' compensation laws or the amount of the lump-sum settlement and its attributions must be determined on petition by a single member of the Workers' Compensation Board in accordance with Title 39-A. The determination may be appealed under Title 39-A, section 322. [PL 2025, c. 598, §26 (NEW).]

[PL 2025, c. 598, §26 (NEW).]

SECTION HISTORY

PL 2025, c. 598, §26 (NEW).

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