WAC 415-104-482 How are the different LEOFF Plan 2 disability benefits calculated? (1) **Line of duty:** As a line of duty disability retiree, you may choose between:

(a) A one-time lump sum payment equal to 150 percent of your retirement contributions; except that, any payments made to restore service credit after the five-year deadline will be paid at 100 percent; or

(b) A monthly disability benefit equal to:

(i) Ten percent of your final average salary (FAS), which is nontaxable; and

(ii) Two percent of your FAS for each year of service beyond five years.

Calculation of monthly disability benefit:

Example 1: Chris was approved for line of duty disability. The final average salary (FAS) was $10,000. Chris had 20 years of service credit at the time of retirement. To determine the line of duty disability benefit amount:

1. 10% × FAS = Nontaxable amount
   .10 × $10,000 = $1,000

2. 2% × FAS × Number of Service Years beyond Five Years = Taxable amount
   .02 × $10,000 × 15 = $3,000

3. Nontaxable amount + Taxable amount = Total benefit
   $1,000 + $3,000 = $4,000

Example 2: Pat was approved for line of duty disability. The final average salary (FAS) was $10,000. Pat had 2 years of service credit at the time of retirement. To determine the line of duty disability benefit amount:

1. 10% × FAS = Nontaxable amount
   .10 × $10,000 = $1,000

2. 2% × FAS × Number of Service Years beyond Five Years = Taxable amount
   .02 × $10,000 × 0 = $0

3. Nontaxable amount + Taxable amount = Total benefit
   $1,000 + $0 = $1,000

(2) **Catastrophic duty disability:** As a catastrophic duty disability retiree, you may choose between:

(a) A one-time lump sum payment equal to 150 percent of your retirement contributions; except that, any payments made to restore service credit after the five-year deadline will be paid at 100 percent. Under this option you waive your right to the medical insurance premium reimbursement; or

(b) A monthly disability benefit equal to:

(i) Seventy percent of your final average salary (FAS), which is nontaxable, reduced by any temporary disability benefits or permanent total disability benefits provided to the member under Title 51 RCW and federal Social Security disability benefits, if necessary to ensure that the total combined benefits do not exceed 100 percent of the member's final average salary (FAS). Any such adjustment will be applied prospectively from the time the Title 51 RCW or Social Security determination is made, even if the Title 51 RCW or Social Security disability benefits are retroactively adjusted.

(ii) The reduced benefit cannot be less than the earned service retirement benefit. When the earned service benefit is more than the reduced benefit, the difference is taxable.

(3) **LEOFF benefit enhancements.**

(a) If you were a LEOFF Plan 2 member on or before February 1, 2021, and are retiring with more than 15 years of service credit, you will have a choice between the tiered multiplier and the lump-sum benefit with a minimum of $20,000. If a percentage of your monthly pension is nontaxable, the lump-sum enhancement payment will be nontaxable at the same percentage. If you are retiring with less than 15 years of service credit, you will not have a choice and will receive the lump-sum benefit of $20,000.

(b) If you became a LEOFF Plan 2 member after February 1, 2021, and are retiring with more than 15 years of service credit, you will receive the tiered multiplier benefit enhancement. Members retiring with 15 years of service credit or less will receive the standard retirement benefit calculation and not an enhanced benefit.

(c) If you qualify for and elect the lump-sum benefit and it is $20,000 or more you are eligible to purchase a lump-sum annuity with some or all of your funds. The minimum purchase price is $20,000.

Calculation of monthly disability benefit:

Example 1: Terry was approved for catastrophic disability. The final average salary (FAS) was $10,000. Terry was not receiving benefits from LNI (Title 51 RCW) or Social Security disability insurance (SSDI). Terry had 20 years of service credit at the time of retirement. To determine the catastrophic benefit amount:

1. 70% of FAS = Monthly disability benefit
   .70 × $10,000 = $7,000

2. 2% × FAS × Service Years = Earned benefit
   .02 × $10,000 × 20 = $4,000

Since there is no offset and the monthly disability benefit is greater than the earned benefit, Terry's benefit will be $7,000 a month.

Example 2: Pat was approved for catastrophic disability. The final average salary (FAS) was $10,000. Pat was receiving benefits from LNI (Title 51 RCW) and Social Security disability insurance (SSDI) in the amounts of $5,000 and $2,000. Pat had 2 years of service credit at the time of retirement. To determine the catastrophic benefit amount:

1. 70% of FAS = Monthly disability benefit
   .70 × $10,000 = $7,000

2. Monthly disability benefit + LNI benefits + SSDI benefit = Total of all benefits
   $7,000 + $5,000 + $2,000 = $14,000

3. Total of all benefits - FAS = Reduction amount
   $14,000 - $10,000 = $4,000

4. Monthly disability benefit - Reduction Amount = Reduced monthly benefit
   $7,000 - $4,000 = $3,000

5. 2% × FAS × Service Years = Earned benefit
   .02 × $10,000 × 2 = $400

Since the reduced monthly benefit amount is greater than the earned benefit, Pat's nontaxable benefit will be $3,000 a month.

Example 3: Chris was approved for catastrophic disability. The final average salary (FAS) was $10,000. Chris was receiving benefits from LNI (Title 51 RCW) and Social Security disability insurance (SSDI) in the amounts of $5,000 and $2,000 respectively. Chris had 20 years of service credit at the time of retirement. To determine the catastrophic benefit amount:

1.	70% of FAS	=	Monthly disability benefit
	.70 × $10,000	=	$7,000
2.	Monthly disability benefit + LNI benefits + SSDI benefit	=	Total of all benefits
	$7,000 + $5,000 + $2,000	=	$14,000
3.	Total of all benefits - FAS	=	Reduction amount (to not exceed 100% of FAS)
	$14,000 - $10,000	=	$4,000
4.	Monthly disability benefit - Reduction Amount	=	Reduced monthly benefit
	$7,000 - $4,000	=	$3,000
5.	2% × FAS × Service Years	=	Earned benefit
	.02 × $10,000 × 20	=	$4,000
6.	Earned benefit - Reduced monthly benefit	=	Difference
	$4,000 - $3,000	=	$1,000

Chris is entitled to the greater of the catastrophic retirement calculation or the earned benefit. Since the earned benefit is greater than the reduced catastrophic benefit, Chris' benefit will be $4,000 a month and $1,000 of that benefit will be taxable.

Calculation of lump-sum benefit enhancement: If you are eligible for and elect the lump-sum benefit enhancement, you will receive a one-time payment equal to $100 per service credit month or $20,000, whichever is greater.

Example 1: Terry retired with 140 service credit months and has elected the lump-sum benefit enhancement payment:

140 months × $100 = $14,000

Terry's lump-sum benefit falls below the minimum amount owed and they will be paid a lump-sum benefit enhancement of $20,000.

Example 2: Pat retired with 300 service credit months and has elected the lump-sum benefit enhancement payment:

300 months × $100 = $30,000

Pat's lump-sum benefit calculation is greater than the minimum and they will be paid their total earned lump-sum benefit enhancement of $30,000.

Calculation of a tiered multiplier enhancement payment: If you are eligible for and elect the tiered multiplier enhancement your benefit for years 15-25 will have a 2.5 percent multiplier.

Example 1: Sam retired with 26 service credit years, a final average salary of $9,500 and has elected the tiered multiplier benefit enhancement:

.02 × services years less than 15 and above 25 × final average salary = total 1

.02 × 16 × $9,500 = $3,040

.025 × services years between 15 and 25 × final average salary = total 2

.025 × 10 × $9,500 = $2,375

total 1 + total 2 = total monthly benefit with the tiered multiplier

$3,040 + $2,375 = $5,415

Sam's nontaxable monthly benefit with the tiered multiplier enhancement would be $5,415 per month.

(4) **Do I have a benefit enhancement choice between the tiered multiplier and lump-sum benefit?**

(a) If you were a LEOFF Plan 2 member on or before February 1, 2021, and are retiring with more than 15 years of service credit, you will have a choice between the tiered multiplier and the lump-sum benefit with a minimum of $20,000. If you are retiring with less than 15 years of service credit, you will not have a choice and will receive the lump-sum benefit with a minimum of $20,000.

(b) If you elect the lump-sum benefit and it is $20,000 or more, you are eligible to purchase a lump-sum annuity with some or all of your funds. The minimum annuity purchase price is $20,000.

(c) If you became a LEOFF Plan 2 member after February 1, 2021, and are retiring with more than 15 years of service credit, you will receive the tiered multiplier benefit enhancement. Members retiring with 15 years of service credit or less will receive the standard retirement benefit calculation and not an enhanced benefit.

(5) **Nonduty disability:** As a nonduty disability retiree, you receive a benefit of two percent times your final average salary times your service credit years. This disability benefit will be actuarially reduced to reflect the difference in age at the time of disability retirement and age 53.

Calculation of monthly disability benefit:

Example 1 – Full actuarial reduction:

Chris, age 47, was approved for a nonduty disability. The final average salary (FAS) was $10,000. Chris had 20 years of service credit at the time of retirement. To determine the nonduty disability benefit amount:

2% × FAS × Service Years × early retirement factor (2018 table)	=	Benefit amount
.02 × $10,000 × 20 × 0.5980	=	$2,392

(6) **Do I have a benefit enhancements choice between the tiered multiplier and lump-sum benefit?**

(a) If you were a LEOFF Plan 2 member on or before February 1, 2021, and are retiring with more than 15 years of service credit, you will have a choice between the tiered multiplier and the lump-sum benefit. If you are retiring with less than 15 years of service credit, you will not have a choice and will receive the lump-sum benefit of $20,000.

(b) If you elect the lump-sum benefit and it is $20,000 or more, you are eligible to purchase an annuity with some or all of your funds. The minimum annuity purchase price is $20,000.

(c) If you became a LEOFF Plan 2 member after February 1, 2021, and are retiring with more than 15 years of service credit, you will receive the tiered multiplier benefit enhancement. Members retiring with 15 years of service credit or less will receive the standard retirement benefit calculation and not an enhanced benefit.

[Statutory Authority: RCW 41.50.050. WSR 26-16-064, s 415-104-482, filed 8/3/26, effective 9/3/26. Statutory Authority: RCW 41.50.[0]50, 41.26.291, 2022 c 125, and I.R.C. s 104 (a)(1). WSR 25-09-023, s 415-104-482, filed 4/7/25, effective 4/9/25. Statutory Authority: RCW 41.50.050. WSR 21-22-049, § 415-104-482, filed 10/28/21, effective 11/28/21; WSR 18-13-078, § 415-104-482, filed 6/15/18, effective 7/16/18. Statutory Authority: RCW 41.50.050(5). WSR 16-06-069, § 415-104-482, filed 2/25/16, effective 3/27/16. Statutory Authority:

RCW 41.50.050(5) and 41.26.470. WSR 09-17-035, § 415-104-482, filed 8/10/09, effective 9/10/09.]