

**Park Employees' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Disability Benefit Policy
March 16, 2023**

The Board of Trustees ("Board") of the Park Employees' & Retirement Board Employees' Annuity & Benefit Fund of Chicago ("PEABF") has a fiduciary obligation to protect, secure, and maintain the assets of PEABF while providing benefits to employees. Accordingly, the Board adopts this Policy consistent with the Board's fiduciary obligations set forth in Section 1-109 of the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.*, ("Code"), this Policy sets forth the process for the administration of disability benefits under Article 12 of the Code.

Duty Disability

Employees who become disabled as a direct result of an injury on duty are entitled to a 75% duty disability benefit payable by the Fund under Section 12-140 of the Code ("DD Benefit"), which states as follows:

An employee who becomes disabled as the direct result of an injury incurred in the performance of an act of duty and cannot perform the duties of the regularly assigned position, is entitled to receive, while so disabled, a benefit of 75% of the salary at the date when such duty disability benefits commence, subject to the conditions hereinafter stated.

Pursuant to Section 12-127(d) of the Code, the employee continues to earn service credit for annuity purposes while receiving DD Benefits. Pursuant to Section 12-155 of the Code, the Chicago Park District ("District") is required to continue to make employee and employer contributions to PEABF for any period for which DD Benefits are paid to the employee, and such amounts are credited to the employee in lieu of salary deductions.

In accordance with Section 12-140 of the Code, employees who have been injured in the course of their work duties may apply to PEABF for DD Benefits. Once a complete application is received, PEABF will confirm with the District that the employee has been approved for benefits under the Workers' Compensation Act or the Workers' Occupational Diseases Act ("WC") and obtain the medical documentation and other supporting documents from the District for the injury. PEABF may require other evidence of disability. The medical documentation is submitted to PEABF's designated physician for review. At least once a year, the employee shall undergo a medical examination by the Board's designated physician, which may be the District's physician if so designated by the Board.

If PEABF's designated physician agrees that the employee is disabled, then the claim for DD Benefits is presented to the Board for approval at a regularly scheduled Board meeting. If approved by the Board, the employee will begin receiving DD Benefit payments on the first date of the month following the Board meeting. Payments will be paid retroactively to the WC benefits eligibility date, the date of last salary. Thereafter, DD Benefit payments will be paid on the first of each month during the period of disability; provided that, pursuant to Section 12-140 of the Code: (1) DD Benefits are payable until the employee attains age 65, if disability is incurred before age 60, or for a period of 5 years if disability is incurred at age 60 or older; (2) if the disability is incurred after age 65, this 5 year period may be reduced if such reduction can be justified on the basis of actuarial cost data approved by the board upon the recommendation of the actuary; and (3) at such time if the employee remains disabled the employee may retire on a

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retirement annuity. When the disability ceases, the Board shall discontinue payment of the DD Benefit.

DD Benefits are paid by PEABF in alignment with the District's WC benefits. When the District terminates an employee's WC benefits for various reasons – such as return to work, failure to comply with WC requirements, or an independent medical examination indicates he/she is able to return to work – the Fund terminates the employee's DD Benefits.

When the employee's WC and DD Benefits have been terminated, the employee has the option to exercise his/her due process through the IWCC. PEABF abides by all IWCC orders regarding periods of disability. If an IWCC determination indicates the employee was entitled to WC benefits for a period which PEABF did not grant DD Benefits, then PEABF will retroactively grant benefits based on the IWCC decision. Conversely, if PEABF paid DD Benefits for a period of time that the IWCC decision indicates the employee was not eligible for WC benefits, then the DD Benefits have been overpaid and must be repaid to PEABF.

Under Section 12-190.2 of the Code, the Fund may withhold payment of the DD benefit upon the filing of an Application for Adjustment of Claim ("Application") with the Illinois Workers' Compensation Commission ("IWCC"), until resolution of the Application. Under Section 12-141 of the Code, the 75% DD Benefit will be offset by any WC compensation or payment, such as temporary total disability payments, permanent total disability payments, permanent partial disability payments, death benefits, and lump sum settlement awards. The 75% DD Benefit is not offset by a WC award of attorneys' fees or the cost of medical expenses.

Upon resolution of the Application, PEABF shall recoup benefits paid to the employee if the WC payments are in excess of the 75% duty disability benefit (an "Overpayment"). PEABF will allow for the extended recoupment of an Overpayment for those employees, or their surviving spouses or children, who will receive pension benefits. The extended recoupment option shall not be available to employees taking a refund. Employees taking a refund are required to repay PEABF in full in a lump sum. The extended recoupment option will be uniformly offered to all employees, or their surviving spouses or children, but only after PEABF has requested repayment in full in a lump sum. PEABF will permit the extended recoupment of an Overpayment at 100% of the monthly pension benefit for up to three months, and then at 25% of the monthly pension benefit until the Overpayment is recouped. Nothing shall prevent the Fund and an employee, or the surviving spouse or child, from agreeing at any time to a schedule providing for a more rapid recoupment of an Overpayment.

Ordinary Disability

Employees who become disabled as a result of an injury other than an injury on duty are entitled to an ordinary disability benefit payable by the Fund under Section 12-143 of the Code ("OD Benefit"), which states as follows:

Any employee disabled as a result of any cause other than injury incurred in the performance of any act of duty, while in actual service or in salary status within a period of 30 days from date of disability, whose absence from service extends for

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8 days or more, shall be entitled to an ordinary disability benefit. ...

The OD Benefit is 45% of the employee's salary at the date of OD Benefits commence and is paid entirely by PEABF.

Pursuant to Section 12-127(d) of the Code, the employee continues to earn service credit for annuity purposes while receiving OD Benefits. Pursuant to Section 12-155 of the Code, the District is required to continue to make employee and employer contributions to PEABF for any period for which OD Benefits are paid to the employee, and such amounts are credited to the employee in lieu of salary deductions.

Employees who have become disabled as a result of an off-the-job injury or illness and cannot work may apply to PEABF for OD Benefits. A doctor's certification of disablement must accompany the application. PEABF may require other evidence of disability. Once a complete application is received, PEABF will confirm with the District that the employee has been approved for a medical leave of absence. The medical documentation is submitted to PEABF's designated physician for review and the employee will be required to undergo a medical examination by PEABF's designated physician. The application must be received within 60 days of the date the employee was last in paid status with the District because OD Benefits will not be paid for periods of more than 60 days retroactively.

In lieu of a maternity leave benefit being provided by the District, as part of the OD Benefit and upon proof of the birth of a child, PEABF provides a maternity leave benefit of ~~up to~~ eight weeks from the date of birth for the birthing parent. OD Benefits for the birth of a child may be extended beyond the maternity leave benefit provided by the District or PEABF upon proof of disability pursuant to the OD Benefits application process describe above.

If PEABF's physician agrees that the employee is disabled, the claim for OD Benefits is presented to the Board for approval at a regularly scheduled Board meeting. If approved by the Board, the employee will begin receiving benefit payments on the first date of the month following the Board meeting. Payments will be paid retroactively to the date thirty days after the date of injury or the date of last salary, whichever is later. Thereafter, OD Benefits will be paid on the first of each month during the period of disability, subject to the following limitations set forth in Section 12-143 of the Code: (1) the maximum cumulative period for which the OD Benefit is payable during the entire period of the employee's service shall be 1/4 of the employee's total credited service (excluding periods for which OD Benefits were paid) or 5 years, whichever is the lesser; (2) if the disability is incurred after age 65, the 5 year period may be reduced if such reduction can be justified on the basis of actuarial cost data approved by the board upon the recommendation of the actuary. Pursuant to Section 12-130 of the Code, an employee who has 15 years of service and is at least age 50, but is younger than age 55, and who has received OD Benefits for the maximum period of time and who continues to be disabled is entitled to a retirement annuity. When the disability ceases, the Board shall discontinue payment of the benefit. If a disability extends beyond one year the recipient of the disability will be required to be reexamined by PEABF's designated physician.

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Maternity Leave

As part of the OD Benefit and upon proof of the birth of a child, PEABF provides a maternity leave benefit of up to eight weeks from the date of birth for the birthing parent. OD Benefits for the birth of a child may be extended upon proof of disability pursuant to the OD Benefits application process describe above.

Limitations on Payment of DD Benefits and OD Benefits

Pursuant to Section 12-143.1 of the Code, an employee who has withdrawn from service, has been on a leave of absence, is laid off or is out of pay status for any reason for more than 30 days, and who subsequently reenters service, shall not be entitled to DD Benefits or OD Benefits unless the employee (1) qualified for DD Benefits or OD Benefits before the absence from service, or (2) renders at least 6 months of service subsequent to the date of the last reentry.

In addition, DD Benefits or OD Benefits otherwise payable by PEABF shall be suspended for the duration of any period during which the employee receives salary or other compensation for personal services (but not including any WC benefit) that exceeds 50% of the amount of the DD Benefit or the OD Benefit. An employee receiving DD Benefits or OD Benefits shall provide to the Board, upon request, a tax return, pay stub, or other documentation of earnings.