



## **NC Total Retirement Plans Employer Disability Training DIPNC**

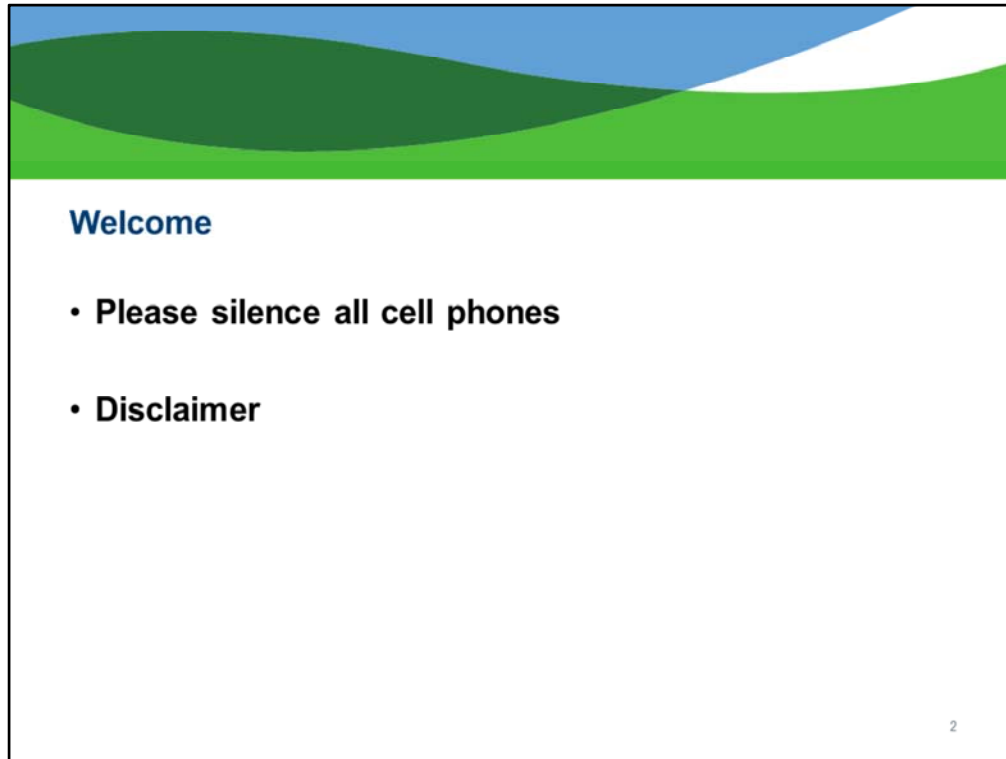


**North Carolina**  
Total Retirement Plans



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Please silence all cell phones.

This presentation is based on current legislation and is subject to change without notice. This material is to be used for training purposes only. Please contact the North Carolina Retirement Systems Division for guidance or assistance.




## Topics

- Review – membership service
- Eligibility – DIPNC
- Quick Review:
  - Short-Term Disability
  - Preliminary Long-Term Disability
  - Extended Short-Term Disability
- Long Term Disability
- Disability Retirement
- Questions/Comments



### Types of Service

- Contributing Membership Service
  - 6% of the employee's gross monthly wages and salary
  - Set by state law, not voluntary
  - Condition of employment
- Non-contributing Service
  - Service time for which a member receives retirement credit, but did not pay for and which 6% was not withheld from their check
  - Examples include short-term, extended short-term disability, and long-term disability
- Creditable Service
  - Sum of all service credits added together (includes unused sick leave)




### **Disability Benefits Available to TSERS Members**


- **Disability Income Plan of North Carolina (DIPNC)**
  - Short-Term (paid by employer)
  - Preliminary Long-Term (paid by employer)
  - Extended Short-Term (paid by RSD)
  - Long-Term (paid by RSD)
- **State Disability Retirement**
  - Projection to age 65
  - Projection to first unreduced retirement

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The onset of disability, in addition to the above, is based, in part, upon certification from the member's physician of the date the member became disabled for the further performance of his/her usual job.



<p><b>What is the Disability Income Plan of NC (DIPNC)</b></p> <ul style="list-style-type: none"> <li>DIPNC is a plan which provides monthly replacement income in the form of short-term, extended short-term, and long-term disability benefits if you become disabled while you are a permanent employee under TSERS or ORP and you meet certain eligibility requirements.</li> </ul>	
<i>Short-term disability benefits</i>	For up to 365 days after the 60-day waiting period
<i>Extended short-term disability benefits</i>	For up to 365 additional days after the last day of your short-term disability benefits if your disability is likely to be temporary
<i>Long-term disability benefits</i>	After your short-term disability benefits period, if your disability is likely to be permanent, payable up to the date you become eligible for TSERS unreduced service retirement benefits



**Eligibility Requirements for Short-term, Extended Short-term & Preliminary Long-term**

- One contract year of TSERS or ORP membership service within the 36 calendar months preceding the date of disability
- Must be determined to be mentally or physically disabled for the further performance of their usual occupation- For short-term disability, determination may be made by the employer or Medical Board.
- Disability must have been incurred at the time of active employment, exhausting leave, or Temporary Total Workers' Compensation
- Disability must have been continuous
- Application for short-term disability must be completed no later than one year after the end of the waiting period

**A member may apply for short-term disability even if the member is already eligible for an unreduced retirement**

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Reciprocity is not applicable to the Disability Income Plan. The member does not have to resign his position to apply for Short-Term benefits. The member is eligible to apply and receive short-term benefits even if he is already eligible for a reduced or unreduced retirement benefit provided he meets the eligibility requirements. G.S. §135-105 was amended effective 6/25/2018. The provision limits the time period for application for DIPNC short term disability to no longer than 365 days following the first day of the waiting period. The member must provide medical documentation to prove disability on or prior to the last day worked or exhausted leave.



### Short-term

- If all eligibility requirements are satisfied, DIPNC short-term disability benefits are payable after the conclusion of a 60-day waiting period, and therefore generally begin on the 61st day of disability.
- Short-term disability benefits are paid by the employer
- Monthly short-term disability benefits is equal to 50 percent of 1/12 of the annual base salary last payable to you prior to the beginning of the short-term period, including longevity and local supplements, if any, for up to 365 calendar days, subject to a monthly maximum of \$3,000. These benefits are also subject to certain offsets or reductions for benefits received from other disability programs.






### Preliminary Long-term

- Determination made by the Retirement System Division's Medical Board may be requested by member or your employer
- To obtain approval for up to the entire 365 days of your short-term disability period, if your disability is likely to be permanent.
- If approved, the member will not have to submit the **Physician Certification**, 703, each month in order to receive payment.
- Approval for preliminary long-term does not exempt the member from having to complete the **Employee Certification** for earnings on the 703 each month.

**Important:** *Preliminary long-term approval does not represent approval for long-term disability benefits. The member must later apply and be approved for long-term disability benefits even if the Medical Board approved the preliminary long-term disability benefits*

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**Short-term and/or Preliminary Long-term Application package:**

- Form 701- Requesting Short-Term Benefits Through the Disability Income Plan of NC (completed by member)
- Form 700 - Requesting Employer Information Required for Member Disability Income Plan Benefits (completed by employer)
- Job Description (provided by employer)
- Form 703-Reporting Earnings for Short-Term Disability Benefits and Medical Report for Eligibility (member and medical professional completes this form)
- Form 7A- Medical Report for Eligibility Review (medical professional completes this form) **current (within six months)**
- Supporting medical documentation within six months

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### **Short-Term Determinations**

- Determination made by the employer
- Determination made by the Medical Board (initiated by employer or member)



### Employer Determination (Short Term Only)

- **Form 701** - *Requesting Short-term Benefits Through the Disability Income Plan of North Carolina* - completed by the employee
- **Form 703** - *Medical Report for Eligibility Review of Short-Term Disability Benefits* – completed by employee and physician – first/original
  - The 703 will need to be completed every 30 days to ensure payment to the member
  - The 703 needs to be provided to the employer every 30 days to ensure that the disability has remained the same
  - The member should provide 703 monthly for earnings
- Employer may request a **7A** (*Medical Report*) from the member along with supporting medical documentation within six months.



**Determination Made by Medical Board**

Either the member or the employer may request a determination of disability by the Medical Board by submitting a **701** (*Requesting Short-Term Benefits Through the Disability Income Plan of North Carolina*) and other applicable forms.

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Two Types of disability - Those that are temporary and those that are permanent in nature. Form 700 is request for Medical Board preview for Short-term or Preliminary Long-term. If disability appears permanent, we suggest that the employer request a Preliminary Long-term determination. If approved, this is “a blanket” approval to pay short-term benefits for 1 year. Otherwise, member must submit Form 703 to employer monthly.



### **Medical Board Determinations**

- Approved – approval letter mailed to member
- Reject
- Request Additional Medical documentation


*Copies of all determination letters are mailed to the employer*

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### Rejected

- Letter requesting additional medical information is mailed to member
- Member has 90 days to submit the additional requested information
- When the requested additional information is received, the file is again sent to the Medical Board for review
- If the additional medical information is not received within 90 days of the request, the application will be cancelled



### Duration of Short-Term

- Benefits are payable after the conclusion of the waiting period
- May not exceed **365** calendar days

***Important:** The Death Benefit is payable while the member is in receipt of a short-term disability benefit.*

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### Exception

#### In the event of the:

- **death** of the member during the last month of the short-term period
- **retirement** of the member the month following the expiration of the short-term period

The employer will pay the full month's short-term benefit, even if it results in payments exceeding 365 days of short-term disability.



## Options for Voluntarily Ceasing Short-Term

**Retirement**

- Member must terminate employment
- Member complete a Form 6, *Claiming Your Monthly Retirement Benefit*
- Employer will pay full month of short-term

**Refund**

- Member must terminate employment
- Member complete a Form 5
- Employer pays short-term through date member signs the Form 5

**Return to service**

- Member is reinstated to full-time active service and begins contributing to the Retirement System
- Employer pays short-term up to date member returns to active service

*If applying for retirement the member must sign a waiver letter waiving all rights to future disability benefits from the Disability Income Plan of North Carolina. This letter is mailed to the member directly from the Retirement System once the Form 6 is received in our office. Waivers are no longer required if the member is applying for a refund.*


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### Extended Short-term

- If the Medical Board finds that the disability continues to be temporary, extended short-term disability benefits may be paid as a continuation of short-term disability benefits for as many as 365 days beyond the short-term period.
- Extended short-term disability benefits are paid by the Retirement Systems Division. No Wait Period
- Monthly extended short-term disability benefit is equal to 50 percent of 1/12 of the annual base salary last payable to you prior to the beginning of the short-term period, including longevity and local supplements, if any, for up to an additional 365 calendar days, subject to a monthly maximum of \$3,000. These benefits are also subject to certain offsets or reductions for benefits received from other disability programs.

*Important: Application can be made 90 days prior to Short-term benefits ending.*



### Extended Short-Term

- First day of extended short-term disability is the day following the last day of short-term disability
- No waiting period
- May be approved for a period of time **up to 365 days**
- If approved for less, may request an extension from the Medical Board

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Likely to end during the extended period (not to exceed 365 days)



**Extended short-term Application package**

- Form 704 - Requesting Additional Benefits Through DIPNC (completed by member)
- Form 701- Requesting Short-Term Benefits Through the Disability Income Plan of North Carolina (copy that was completed by member)
- Form 700 - Requesting Employer Information Required for Member Disability Income Plan Benefits (copy that employer completed)
- Job Description (provided by employer)
- Form 703 - Reporting Earnings for Short-Term Disability Benefits and Medical Report for Eligibility (copy that member and medical professional completes this form)
- Form 7A - Medical Report for Eligibility Review (medical professional completes this form) **current (within six months)**
- Form 711- Determining and Recording Short-Term Disability Benefits (employer completes)

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### Refund of Contributions

- May receive a refund of retirement contributions if any of the following applies:
  - The short-term or extended short-term period has ceased and member has not returned to work
  - Member is no longer disabled as determined by Medical Board
  - Benefits are suspended
- Must complete "Application for Refund" ([Form 5](#))



## Retirement


- May apply for retirement as soon as eligibility is attained
- Does not have to receive extended short-term benefits for the full 365 days
- If applying while in receipt of extended short-term benefits, must request the benefit to be stopped
- Must complete Application for Retirement - **(Form 6)**
- Service will include contributing membership, unused sick leave, purchases, non-contributory service (including DIPNC), etc.
- Waiver is also required



### **Termination of Benefits**

- May occur for any of the following reasons:
  - Return to contributing membership position with Teachers' and State Employees' Retirement System (TSERS)
  - Consistently exceeds earnings
  - Medical Board rejection
  - Member's request
  - Member's doctor determines his/her condition is permanent (should apply for long term disability if he/she has at least 5 years of service).






### Eligibility Requirements for Health Plan Coverage

- If a member has 5 or more years of “**contributing**” membership service **as of the date short-term disability payments begin**, the premium for the member’s health plan coverage is paid by the employer.\*
- If a member has less than 5 years of “**contributing**” membership service **as of the date of short-term disability payments begin**, they may choose to continue the health plan coverage by paying the premium.
- The premium may be deducted from the short-term benefit.

\*Premiums are required for employees enrolled in the 80/20 plan and **effective 1/1/2017 premium for the 70/30 plan (if applicable).**

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### Change in Health Insurance coverage for Disability Recipients

- SHP will not be providing retroactive coverage for anyone approved for disability payments. Once the payment is approved by RSD the coverage will be effective, the first of the following month if there is a gap between coverage

**REMINDER:** If the employee's Short Term Disability benefits end before Extended Short Term Disability benefits have been approved, there may be a gap in their Health Insurance coverage and they may need to elect COBRA to avoid a gap in coverage

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### Long-Term

- 5 contract years of contributing membership service earned within the 96 calendar months prior to the conclusion of the short-term disability period or the conclusion of salary continuation (continuous exhaustion of leave), whichever is later
- Service transferred prior to the conclusion of the short-term disability period will assist the member in qualifying for long-term
- Must apply within 180 days after the conclusion of short-term, extended short-term, salary continuation payments, or monthly payments for Workers' Compensation, whichever is later

*Important: Application can be made 90 days prior to Short-term or Extended short-term benefits ending.*

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Transferred service from LGERS




### Long-Term

- Must be certified by the Medical Board to be mentally or physically disabled for the further performance of their usual occupation (same disability as short-term and/or extended short-term)
- Must apply within **180 days** of the end of the short-term or extended short-term period



### Long-Term

- The disability must have been continuous, likely to be permanent, and incurred at the time of active employment
- Must terminate employment as a permanent full-time teacher or state employee before payment of benefits can begin
- Must not be eligible to receive an unreduced retirement benefit from TSERS [same requirements apply to Optional Retirement Plan (ORP) members]



### Long-Term Disability Forms

- **Form 704** – *Requesting Additional Benefits through the Disability Income Plan of North Carolina* – completed by the employee
- **Form 7A** – *Medical Report for Disability Eligibility Review* - completed by the physician and employee – **current evaluation (within past six months)**
- **Supporting medical documentation within the past six months**
- **Include copies of all Short-Term Disability Forms** if these have not been previously submitted to the Retirement System – 700, 701, 703, 711, 714, job description

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### **Trial Rehabilitation**

- Members may now participate in periods of trial rehabilitation
- Trial rehabilitation is initiated if a member returns to service **in any capacity** with **any TSERS employer**
- The member's long-term benefits will be suspended



### **Trial Rehabilitation**

- Member is protected during 36 months trial rehab if disability re-occurs
- To return to LTD for any disability, the file goes back to the Medical Board for certification

**Reference: G.S. §135-106(c1)**






### **Trial Rehabilitation**

- Salary during trial rehabilitation must be equal to or greater than the salary on which the long-term benefit is based; *Employer can notify our office in writing and include the position, capacity, and salary.*
- If the member is unable to continue the period of trial rehabilitation due to the same or new disability, they may be entitled to restore their long-term disability benefit;
- To restore the long-term disability, the member must submit Form 7A



### **Trial Rehabilitation**

- If trial rehabilitation *is less than 36 months*:
  - Must be approved by the Medical Board
  - If approved, then long-term benefit is reinstated
  
- If trial rehabilitation *is greater than 36 months*:
  - Any subsequent disability is treated as a new condition
  - Will require a new waiting period and short-term disability period



### **Long-Term Benefit Amount**

- 65% of the member's adjusted salary payable until the member is eligible for an unreduced retirement benefit (provided member remains disabled)
- Maximum payment \$3,900/month
- Minimum payment \$10/month

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## Long-Term Offsets

Benefits are reduced by:

- Monthly Temporary Total or Temporary Partial Workers' Compensation (WC) payments (66 2/3 %) by any employer
  - Member must provide a copy of the Form 21 or Form 60 from the Industrial Commission
- Veterans Administration (VA) disability payments, provided that payments are being made for the same or related disability
  - Member must provide copy of Veterans Administration award letter
- Social Security
  - Member must provide copy of Social Security award letter
- Excess Earnings
  - Member must provide on annual Statement of Income


**Reference: G.S. §135-106(a)**

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### **Social Security Offsets**

- Member must sign Form 705 which outlines Social Security and other applicable offsets before long-term disability payments will begin.
- Member must provide Retirement Systems Division with a copy of the Social Security Notice of Award upon approval or provide estimates for Social Security upon the earlier of reaching long term disability effective for 36 months or turning age 62.



## **Social Security Offsets**

### **Approved for Social Security**

- An overpayment usually occurs as a result of the retroactive Social Security payment
- The Retirement Systems Division (RSD) will notify the member of the overpayment amount by phone and establish a payment arrangement
- RSD will mail to the member a letter confirming the overpayment and payment arrangement
- Alternate payment arrangement requests are subject to approval by RSD


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An alternate payment arrangement may be considered if a member proves that the original payment arrangement may cause financial hardship. This means that the monthly payment may be reduced and the repayment period extended.



### **Social Security Offsets**

- The Social Security offset will be adjusted any time there is an increase granted by the Social Security Administration. (The same applies if there is a VA offset).
- Social Security increases are normally granted in January



### **Social Security Offsets**

**If the member had 5 years of service as of 7/31/2007 and has not been approved or failed to apply for Social Security**

- After the first 36 months of the long-term period, the benefit will be offset by an estimated Social Security amount.
- This is an estimated amount that the member would have been entitled to had they been awarded Social Security benefits. The member must obtain this estimate from the Social Security Administration.
- If the member reaches age 62 during the first 36 months of long-term, the benefit will be offset by the "age 62" amount.
- We will send a letter requesting SS benefit information 120 days prior to the 36 month, then a final notice the month the offset is scheduled to begin. If the member fails to provide the applicable benefit document\* (an estimate, award letter, or benefit statement), then we will suspend the benefit.

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\*We will accept an estimate if the member has not been awarded a SS benefit. We require a Notice of Award if the member has been awarded SS disability. If a member is age 62, we will accept an estimate if he/she is not collecting a benefit. If the member is 62 and collecting SS due to age, we will accept a benefit statement.





### **Social Security Offsets**

- Member had less than 5 years of membership service as of July 31, 2007, but who meets the requirements for LTD on or after August 1, 2007
- After 36 months of LTD benefits, there will be no further payments from DIPNC unless the member has been approved and is in receipt of primary Social Security disability benefits



### Exhaustion of Leave


- The payout of leave at the conclusion of short-term will delay the effective date of long-term payments
- An election to receive any leave payouts for any part of a day is in lieu of any long-term benefit payable for that day
- A lump sum payment for leave is treated as if the member had exhausted the leave and is in lieu of any long-term benefit

*Note: a payout will not delay the begin date of the health plan coverage.*



### Earnings

- Members in receipt of long-term disability are allowed to have earnings
- Members should contact the Retirement System for their earnable allowance
- Gross earnings from any source must be counted against their earnable allowance
- If the member exceeds the earnable allowance, then the benefit is reduced on a dollar-for-dollar basis



**Calculation of Earnings**

Adjusted monthly salary (active)	\$2,200
Long-term benefit payment (65%)	<u>-\$1,430</u>
Monthly earnable allowance	\$ 770

**Excess earnings must be reported yearly on the Statement of Income (SOI)**

**If the member is in receipt of Social Security benefits, then the earnable allowance will be adjusted accordingly**

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### **Conversion to Service Retirement**

- Must attain age and/or service requirements for an unreduced service retirement
- Convert to service retirement based upon creditable service and highest four consecutive years of salary
- No longer subject to offsets for Social Security, Workers' Compensation, or Veterans benefits
- RSD will notify the member by letter 120 days prior to the date of conversion. Within 30 days of the conversion date, we provide member with necessary forms for service retirement including estimate with options



### **Re-Examinations**

- The Medical Board periodically reviews member's files to ensure that they are still disabled
- The Medical Board determines when members need to have a reexam
- The Retirement System will notify the member at least 60 days prior to the re-examination
- Updated/current medical information will be required

**RSD will not pay for any re-examination costs or fees**



### **Extended Short-Term and Long-Term Taxation**

- Subject to Federal and North Carolina Income Tax
- Due to the Bailey case, if a member was vested on or before August 12, 1989, the benefit is exempt from North Carolina State income tax
- Payments are exempt from FICA
- Leave exhaustion is always subject to FICA
- Contributions are not withheld for retirement

## Disability Income Plan Health Plan Coverage



- Health plan coverage is paid if the member has at least five years of **contributing** membership service as of the date short-term payments begin
  - Traditional (70/30) PPO Plan-single coverage (no cost)
  - Enhanced (80/20) Plan or Consumer-Directed Health Plan- single coverage (applicable premium)
- Service transferred prior to the date of disability **will not** help the member qualify for health plan coverage during the Disability Income Plan

G.S. § 135-48.41(d)



## Disability Income Plan Health Plan Coverage



- If the extended short-term or long-term period begins between the **1st** and the **14th** of the month, medical coverage begins the first of the following month
  - For example, if the long-term benefit period begins March 12, then the health plan coverage will become effective April 1
- If the extended short-term or long-term period begins between the **15th** and the **31st** of the month, medical coverage becomes effective the first of the month following the first full month of benefits
  - For example, if the long-term benefit period begins March 23, then the health plan coverage will become effective May 1



### Scenario 1

Summer Anderson has 7 years of contributing membership service with TSERS. She was approved for extended short-term disability effective February 13, 2018.

- Is Summer eligible for health plan coverage under DIPNC?  
Yes
- If so, what will be the effective date of her health plan coverage under DIPNC?

March 1, 2018




## Scenario 2

Susan Bailey has 4 years of contributing membership service in TSERS and 3 years of Local Governmental Employees' Retirement System service transferred to her account prior to her disability. She was approved for extended short-term disability effective February 22, 2018.

- Is Susan eligible for health plan coverage under the Disability Plan of North Carolina? **No**
- When she converts to a service retirement, will the Retirement System pay her health plan coverage?

**No, because she does not have 5 years of contributing membership service earned in the State system to qualify for the Health Insurance coverage; transferred service from LGERS does not count for Health Insurance eligibility**

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### Disability Income Plan - Death Benefit

- If in receipt of DIPNC benefits, the Death Benefit will remain in force
- Equal to the highest 12 months salary during the 24 months preceding the death
  - Minimum/\$25,000
  - Maximum/\$50,000
- **ORP members** who are in receipt of benefits from DIPNC are not covered under the Death Benefit

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Death Benefit coverage ends when the benefit ends - unless death occurs within 180 days of last day of work.



### **Disability Income Plan - Survivor's Alternate Benefit**

If approved for DIPNC benefits, a member's beneficiary may be eligible for the Survivor's Alternate Benefit if the following conditions are met:

- General employee
  - 20 years service regardless of age, or
  - 5 years contributing membership service at age 60
- Law enforcement officer
  - Sick leave is not used to meet the 5 or 20 year requirement, but it is used in the calculation
  - 20 years service regardless of age
  - Age 50 and 15 years service as a law enforcement officer


***Service = contributory and non-contributory***

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### **Disability Income Plan - Survivor's Alternate Benefit**

- One principal beneficiary for the Return of Contributions (Forms 2, 2C, 2RC, or beneficiaries designated in self-service)
- All members can now designate beneficiaries in ORBIT self-service.
- Beneficiary must be living at the time of the member's death
- Beneficiary may elect to receive a monthly benefit or a return of your contributions in a lump sum payment.



### **State Disability Retirement**

- DIPNC became effective January 1, 1988 as the State's new disability plan
- Vested members prior to January 1, 1988 may qualify for both disability plans as a result of class action lawsuit
- Members who qualify will be given an option of disability plans
- There are pros and cons to each disability plan

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After DIPNC went into effect, some people thought the disability benefits prior to DIPNC were more generous. They filed a class action lawsuit called the Faulkenbury class action. The lawsuit was settled April 1997. As a result, TSERS and ORP members who maintained 5 or more years of membership service prior to January 1, 1988 may be eligible to receive state disability

Retirement benefits instead of DIPNC. In these cases, the Retirement Systems Division will explain the benefits of each plan and let the member decide. There are pros and cons to each disability plan.



### **State Disability Retirement - Eligibility**

- At least 5 years of contributing membership service prior to July 1, 1982
  - projected to age 65
- At least 5 years of contributing membership service prior to January 1, 1988
  - projected to first unreduced retirement
- At least 5 years of contributing membership service prior to July 1, 1985
  - projected to 30 years or age 65 whichever comes first





## Procedures for Disability Retirement

**Member may apply for Disability Retirement at the onset**

- **Form 7** – Requesting Disability Retirement Benefits
- **Form 7A** – Medical Report for Disability Eligibility Review
- **Supporting medical documentation within six months**
- **Job Description** – supplied by the employer
- **Proof of Birth** – COPY of birth certificate, passport, driver's license

**Retirement forms must be submitted at least 1 day prior to the effective Disability Retirement date**

**Cannot apply retroactively**

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### Procedures

- If approved, a comparison of benefits (and all applicable paperwork) between DIPNC and Disability Retirement will be mailed to the member
- The member will then decide which plan to choose
- Member will elect payment option (Form 7E), similar to service retiree
- The disability retirement benefit will take into account if member applied for and received short-term benefits
- **Survivorship options have greater reductions**
- **Option 4 is not available for members applying for disability retirement**


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### **Defined Benefit Formula**

Annual retirement benefit based on:

1.82% of "average final compensation"  
TIMES  
years and months of "creditable service"  
(including projection)




**Projection to Age 65**

**Treatment of sick & annual leave**

- Sick leave is added to service [after](#) projection is made
- Annual leave, along with any prorated longevity, is paid in lump sum and may be calculated in the AFC


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### Jeffery Smith - Age 65 Projection

- Date of Birth – June 1, 1957
- Entered service – June 1, 1977 (age 20)
- Retires – Jan. 1, 2001
- Sick leave – 101 days = 6 months
- Actual Service - 23.5833 years  
(23 years and 7 months)
- Age 65 (45 years) – June 1, 2022
- 21.4167 years of service added
- .5000 (6 months) of sick leave is then added
- Total service with sick 45.5000 years of service  
(45 years and 6 months)
- AFC - \$35,000

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**Benefit Calculation**

$$\begin{array}{r} \$35,000.00 \text{ (AFC)} \\ \times \quad .0182 \\ \hline \$637.00 \end{array}$$
$$\begin{array}{r} \$637.00 \\ \times \quad 45.5000 \text{ (service)} \\ \hline \$28,983.50 \end{array}$$

$\$28,983.50 / 12 = \mathbf{\$2,415.29}$   
(maximum monthly benefit)

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## Projection to First Unreduced Retirement

### Treatment of sick & annual leave

- Sick leave is added to service before service projection is made
- Annual leave, along with any prorated longevity, is paid in lump sum and may be calculated in the AFC

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**Susie Smith - First Unreduced**

- Date of Birth – Dec. 1, 1962
- Entered service – Dec. 1, 1981 (age 19)
- Retires - Jan. 1, 2001
- Sick leave - 101 days = 6 months
- Actual service – 19.0833 years  
(19 years and 1 month)
- 6 months of sick leave is added - 19.5833  
(19 years and 7 months)
- First unreduced (30 years) – Dec. 1, 2011
- 10.4167 years of service added
- AFC - \$35,000

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### Benefit Calculation

$$\begin{array}{r} \$35,000.00 \text{ (AFC)} \\ \times \quad .0182 \\ \hline \$637.00 \end{array}$$
$$\begin{array}{r} \$637.00 \\ \times \quad 30.0000 \text{ (service)} \\ \hline \$19,110.00 \end{array}$$

$\$19,110.00 / 12 = \textbf{\$1,592.50}$   
(maximum monthly benefit)

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## Offsets

Disability Retirement is **not** offset for Social Security, Workers' Compensation, or Veterans benefits



### **Re-Examinations**


- The Medical Board periodically reviews the disability status of each member
- The Retirement System will notify each member at least 60 days prior to the re-examination date

**RSD will not pay for any re-examination costs or fees.**



### Taxation

- Subject to Federal and North Carolina Income Tax
- Due to the Bailey case, if a member was vested on or before **August 12, 1989** the benefit is exempt from North Carolina State income tax
- Not subject to FICA since it is a retirement benefit




**Statement of Income (SOI)**

- Mandatory annual report of earnings
- Mailed to the member by the Retirement System in February
- Must be returned by April 15
- Failure to report may result in suspension of benefits

**Applies to all disability plans  
(DIPNC and Disability Retirement)**

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### **Earnings Restrictions**

- Contributing membership position with TSERS
  - Benefits cease with no reinstatement
- Non-contributing TSERS
  - Subject to annual earnable allowance
- Employment with non-TSERS employer (local or private)

**Member may contact the Retirement System to request an Earnable Allowance**

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### **Overpayment of Earnings**

- If earnings are exceeded, the Retirement System notifies the member of the amount
- Payment arrangements are made with the member
- Alternate payment arrangement requests are subject to approval by RSD



### Service Earnable Allowance

- When member reaches the date when they would have been eligible for service retirement, the Disability Retirement earnings restriction ceases
- Now subject to a service earnable  
**(greater of 50% of the last year's salary or \$32,940)**
- Adjusted annually based on the change in the Consumer Price Index
- Retirement Systems Division will notify the member by letter of his/her conversion to service retirement





### **Death Benefit**

- Equal to the highest 12 months salary during the 24 months preceding the death
- Minimum/\$25,000; Maximum/\$50,000
- In force for 180 days from the last day worked or exhausted leave



### **Optional Benefits**

- State Health Plan
- Contributory Death Benefit (CDB)
- Voluntary Dental, Vision, Accident, and Life Insurance



## Health Plan Coverage (first hired prior to October 1, 2006)



- Member must have 5 or more years of contributing membership in the TSERS
- The health coverage is effective the first of the month following the month of retirement
- When a retiree becomes eligible for Medicare the retiree must elect parts A and B of Medicare
- Members do NOT have to elect Medicare Part D

*\*Medicare is primary if a member is retired*



### **\$10,000 Contributory Death Benefit**


- 60 days from retirement to elect
- Member must make 24 payments
- One-time election
- Members may designate a beneficiary
- If for any reason retirement benefits are stopped, the member may continue to make premium payments if he/she wants to continue this coverage
- Member will be billed for monthly premiums by the Retirement System
- Member will not be given another opportunity to elect coverage, if the monthly premium is not received



### **Optional Dental, Vision and Identity Theft Insurance**

- Pierce Insurance will send the information to the retiree once we receive the payment election form (Form 7E).
- Pierce does not send notification of open enrollment to individuals that did not elect coverage initially. It is the member's responsibility to contact Pierce if interested.
- If elected, payment is deducted from member's monthly benefit.


Pierce Insurance Agency  
855-627-3847  
[www.ncretiree.com](http://www.ncretiree.com)



**Active Employee Online Resource** [www.MyNCRetirement.com](http://www.MyNCRetirement.com)

- Download and view Benefit handbooks
- Review frequently asked questions
- Retirement Benefit Highlights
- Return to Work Policies
- News and Legislative Updates

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**Employer Online Resource** [www.MyNCRetirement.com](http://www.MyNCRetirement.com)

- Upcoming Events
- Reduction-in-Force Information for employers
- ORBIT Employer Reporting Information
- Welcome Packets
- Disability Benefits Processing and Training
- Discontinued Service Retirement
- Legislative Statutes and Updates
- News
- Guidance Publications including **TSERS Employer Manual**

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## ORBIT




### Employers

- Access to active employee database
- Review employee service
- Review employee salary history and retirement contributions
- Review documents in individual files
- Forms
- Must contact Retirement Systems Division for access and/or changes at [oyer@nctreasurer.com](mailto:oyer@nctreasurer.com)

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### How to Contact the Retirement Systems

Phone: Toll Free 1-877-NCSECURE (627-3287)  
Fraud and Abuse Hotline 1-855-903-7283

Internet: [www.MyNCRetirement.com](http://www.MyNCRetirement.com)


E-Mail: [nc.retirement@nctreasurer.com](mailto:nc.retirement@nctreasurer.com)  
[OER@nctreasurer.com](mailto:OER@nctreasurer.com) (Employer ORBIT  
Payroll Reporting)



Find us on:  
**facebook**

<https://www.facebook.com/MyNCRetirement>

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**Our Location**

Department of State Treasurer  
Retirement Systems Division  
3200 Atlantic Avenue  
Raleigh, NC 27604

**Phone number for all callers:**  
**877-NCSECURE (877-627-3287)**

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Please note that in an effort to serve our members better, the North Carolina Retirement Systems and Department of State Treasurer are moving to a new location this summer. The new address is 3200 Atlantic Avenue, Raleigh, NC. If you have scheduled an appointment to meet with a Retirement Systems Division counselor, please call ahead to 877-NCSECURE (877-627-3287) to confirm the time, location and directions to your appointment.



**North Carolina**  
Total Retirement Plans

**Thank you for attending disability training**