



June 2017



Welcome • Please silence all cell phones • Disclaimer

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
- Short-Term Disability
- Preliminary Long-Term Disability
- Extended Short-Term Disability
- Long Term Disability
- Disability Retirement
- Questions/Comments

Types of Service

- · Contributing Membership Service
 - o 6% of the employee's gross monthly wages and salary
 - o Set by state law, not voluntary
 - o 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 free military service, short-term, extended short-term disability, and long-term disability
- · Creditable Service
 - Sum of all types of 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)
 - o Preliminary Long-Term (paid by employer)
 - Extended Short-Term (paid by RSD)
 - Long-Term (paid by RSD)
- State Disability Retirement
 - o Projection to age 65
 - o Projection to first unreduced retirement

5

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.

Short-Term Eligibility

- One year of contributing membership service within the 36 calendar months immediately preceding the date of disability
- Must be determined to be mentally or physically disabled for the further performance of their usual occupation
- Disability must have been incurred at the time of active employment, exhausting leave, or Temporary Total Workers' Compensation
- · Disability must have been continuous

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

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. There are no limitations for the time period to apply for short-term benefits provided the member has not withdrawn his retirement account. The member must provide medical documentation to prove disability on or prior to the last day worked or exhausted leave.

Reminders:

- If the date of disability is prior to the completion of the one year of service, the member is not eligible for short-term disability.
- Exception: Salary continuation will count toward the one year of contributing membership service. This leave must be continuous (used daily, not sporadically).

Consider the following examples...

Each of these members were 12-month employees hired on 8/22/2013 and worked through 6/13/2014. Also, each person was certified as disabled by their physician as of 6/13/2014.

- ➤ Susan Smith did not have any leave to exhaust. As a result, she was not eligible for short-term disability because she did not have one year of membership service.
- ➤ Elena Vega exhausted leave from 6/13/2014 through 7/2/2014. She qualified for short-term disability since she used leave continuously until she reached one year of membership service.
- ➤ Janet Jones exhausted leave on 6/18, 6/25, and 7/2 of 2014. She did not qualify for short-term disability since she did not exhaust leave on a day-to-day basis (to reach one year of membership service).

Short-Term Waiting Period

- A member is not entitled to receive any benefits from the Plan for a period of 60 continuous calendar days from the date of disability.
- · The 60-day waiting period begins the later of:
 - o the day following the last day the member physically worked,
 - o the day the physician certified the disability, or
 - the day following 365 calendar days of employment as a state teacher or a state employee.
- During the waiting period, a member may be paid continuation of compensation by exhausting accumulated sick leave, vacation leave, bonus leave, comp time, and/or shared leave provided by the employer.

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.

The 365 Day Rule

- The "365 Day Rule" is when a member has one year of contributing service at the time of disability, but has not been employed for 365 days.
- The 60-day waiting period cannot begin until the member has been employed for 365 days.

The 365 Day Rule - Betty Smith

- Member began employment August 26, 2013
- Member is a 12-month employee
- Member worked August 26, 2013 through July 3, 2014
- · Physician certified that the disability occurred on July 3, 2014
- Member has one year of contributing service to make her eligible for short-term benefits
- Under the "365 Day Rule" this member's date of disability will be August 25, 2014
- The 60-day waiting period begins August 26, 2014

The 365 Day Rule - Suzie Smith

- Member began employment August 5, 2013
- Member is a 10-month employee (Aug May)
- Member worked August 5, 2013 through May 9, 2014
- · Physician certified that the disability occurred on May 9, 2014
- Member has one year of contributing service to make her eligible for short-term benefits
- Under the "365 Day Rule" this member's date of disability will be August 4, 2014
- The 60-day waiting period begins August 5, 2014

Trial Rehabilitation 60-Day Waiting Period

- Trial rehabilitation during the waiting period is defined as a return to service in any capacity within the 60-day waiting period. (6% retirement withheld from pay).
- During the waiting period, a member may return to service for trial rehabilitation for periods of not more than 5 continuous work days.
- A weekend or holiday does not interrupt the 5 continuous days of trial rehabilitation.
- A return to service for any portion of a day will be counted as a full day and will be considered part of the member's 5 continuous days.
- A return to service of not more than 5 continuous days will not cause a new waiting period to begin, but will extend the waiting period by the number of days of the return to service.

If the member works more than 5 consecutive days, the waiting period starts again. (G.S. §135-104b)

13

Any portion of a day worked is counted as a day. The exhaustion of sick leave, annual leave, shared leave; payments of salary continuation, or worker's compensation payments will not extend the waiting period.

Establishing First Day of the Waiting Period

- Last day member worked
- · Last day member exhausted leave
- Date physician certified member became disabled
- · Number of days of trial rehabilitation, if applicable
- Apply the 365 day rule, if applicable

Establishing the First Day of Waiting Period

- Member works beyond the date physician certified disability (Jack Smith)
- ➤ Member's disability is certified by physician after last day member worked (*Judy Smith*)
- ➤ Member performs trial rehabilitation during the waiting period beginning date of the short-term benefit changes (*Linda Smith*)
- ➤ Disability occurs during a month not included in member's contract year (*Tom Smith*)

Jack Smith - Member works beyond the date physician certified disability

The established date of disability cannot be prior to the last day the member worked.

- · Date of Hire: May 10, 1988
- · 12-month contract employee with no break in service
- Establish the last day worked: October 13, 2014 (Form 700)
- Date physician certified disability: September 12, 2014 (Form 703)
- Trial rehabilitation: none (Form 700)
- First day of waiting period: October 14, 2014

16

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.

Establishing the Waiting Period

l			October 2014							
	Su	Mo	Tu	We	Th	Fr	Sa			
				1	2	3	4			
	5	6	7	8	9	10	11			
l	12	13	14	15	16	17	18			
I	19	20	21	22	23	24	25			
	26	27	28	29	30	31				

18 days (14-31)

November 2014												
Su	Mo	Tu	We	Th	Fr	Sa						
						1						
2	3	4	5	6	7	8						
9	10	11	12	13	14	15						
16	17	18	19	20	21	22						
23	24	25	26	27	28	29						
30												

30 days



12 days (1-12)

Waiting Period Begins October 14

Jack Smith

The waiting period cannot begin prior to the last day the member worked.

- 60-day waiting period: October 14, 2014 – December 12, 2014
- First day of short-term disability: December 13, 2014
- Short-term period: December 13, 2014 - December 12, 2015

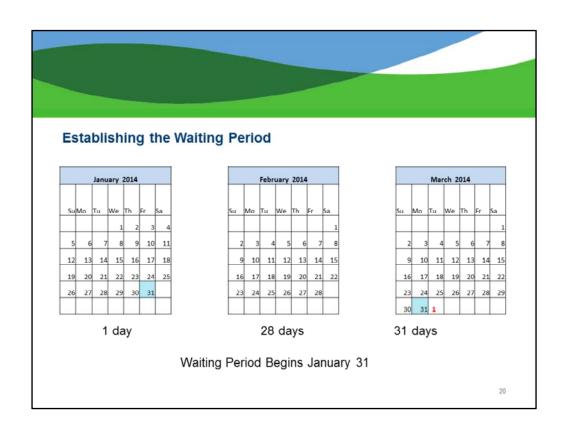
Judy Smith - Member's disability is certified by physician after last day member worked

If the physician certifies the disability after the last day worked, the date of disability will be the date certified by the physician. The date of disability cannot be before the date the physician certifies the disability.

- Date of Hire: July 1, 1990
- · 12-month contract employee with no break in service
- Establish the last day worked: December 4, 2013 (Form 700)
- Last day exhausted leave: February 3, 2014 (Form 700)
- Date physician certified disability: January 31, 2014 (Form 703)
- Trial rehabilitation: none (Form 700)
- First day of waiting period: January 31, 2014

19

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.



Judy Smith

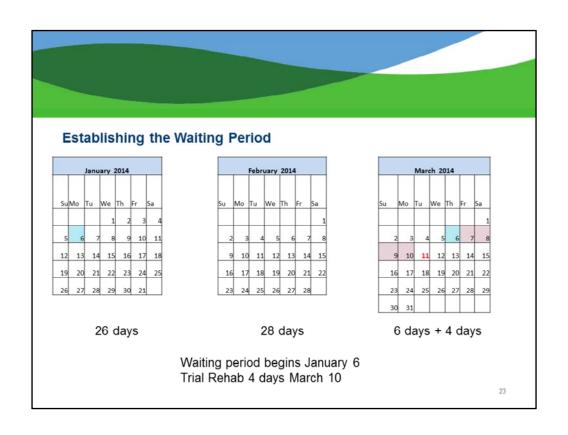
If the physician certifies the disability after the last day worked, the date of disability will be the date certified by the physician. The date of disability cannot be before the date the physician certifies the disability.

- 60-day waiting period: January 31, 2014 – March 31, 2014
- First day of short-term disability: April 1, 2014
- Short-term period: April 1, 2014 – March 31, 2015

Linda Smith

In this example the waiting period has been extended by 4 days due to trial rehabilitation. This will change the beginning date of the short-term period.

- · Date of Hire: March 1, 2000
- · 12-month contract employee with no break in service
- Establish the last day worked: January 2, 2014 (Form 700)
- Last day exhausted leave: February 14, 2014 (Form 700)
- Date physician certified disability: January 6, 2014 (Form 703)
- Trial rehabilitation: January 21-24 (4 days) (Form 700)
- First day of waiting period: January 6, 2014



Linda Smith

60-day waiting period:
 January 6, 2014 – March 6, 2014

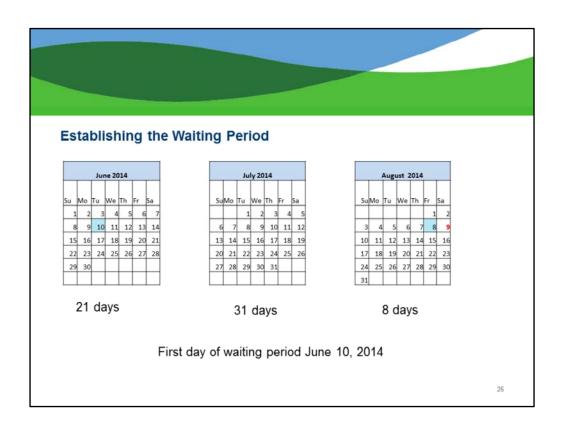
Member had 4 days trial rehab during the 60-day waiting period, the waiting period will be extended by 4 days.

- This will make the ending date of the waiting period March 10, 2014
- Short-term period: March 11, 2014 – March 10, 2015

Tom Smith

Members on 9-, 10-, or 11-month contracts, who do not work the summer months, are eligible for short-term benefits even if the disability occurs during the summer.

- Date of Hire: August 1, 2000
- · 10-month contract employee (August to May) with no break in service
- Establish the last day worked:
 May 28, 2014 (Form 700) last day of school
- Date physician certified disability: June 10, 2014 (Form 703)
- First day of waiting period: June 10, 2014



Tom Smith

Members on 9-, 10-, or 11-month contracts, who do not work the summer months, are eligible for short-term benefits even if the disability occurs during the summer.

- 60-day waiting period:
 June 10, 2014 August 8, 2014
- Short-term period: August 9, 2014 – August 8, 2015

<u>Important</u>: The member must work or exhaust leave through the last day of their contract and must show intent to return to work the next school year.

Duration of Short-Term

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

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

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.

Eligibility Requirements for Health Plan Coverage

- If a member has 5 or more years of "<u>contributing</u>" 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).

Change in Health Insurance coverage for Disability Recipients effective: Per E-mail notification dated 3/27/2017 from D.D. Vicki Roberts

 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 <u>first of the following month</u> 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 <u>COBRA</u> to avoid a gap in coverage

Short-Term Determinations

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

Employer Determination

- 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
 - o The member should provide 703 monthly for earnings
- Employer may request a 7A (Medical Report) from the member

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.

34

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.

Determination Made by Medical Board

- Form 701 Requesting Short-Term Benefits Through the Disability Income Plan of North Carolina completed by employee
- Form 700 Employer Information Required for Member Disability Benefits completed by the employer, info should match payroll reported through ORBIT
- Form 703 Reporting Earnings for Short-Term Disability Benefits and Medical Report for Eligibility Review – completed by the physician and employee – first/ original
- Form 7A Medical Report for Disability Review completed by the physician and employee - current (within six months)
- · Job Description supplied by the employer

35

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

Medical Board Determinations

- Approved approval letter mailed to member
- · Additional Medical Requested
- Rejected

Copies of all determination letters are mailed to the employer

Additional Medical Requested

- 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

Rejected

- · Letter is mailed to member advising of the rejection
- Member has 90 days to submit the additional information
- When 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 rejection letter, the application will be cancelled
- Member would have to start over again and establish new dates

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 or refund, 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 5 or Form 6 is received in our office.

Preliminary Long-Term

- Application for preliminary long-term should be made to the Medical Board anytime the physician indicates in the medical documentation that the disability is likely to be permanent, or last the full 365 days of short-term.
- 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 <u>does not</u> exempt the member from having to complete the <u>Employee Certification</u> for earnings on the 703 each month.

Preliminary Long-Term

- Preliminary long-term <u>does not</u> automatically qualify a member for long-term disability.
- Preliminary long-term simply means that the Medical Board views this disability as likely to last the full 365 days of the short-term period.

The member should make application to the Medical Board for longterm or extended short-term disability **90** days prior to the conclusion of short-term disability.

Preliminary Long-Term

- Form 701 Requesting Short-Term Benefits Through the Disability Income Plan of North Carolina – completed by the employee
- Form 700 Employer Information Required for Member Disability Benefits completed by the employer
- Form 703 Reporting Earnings for Short-Term Disability Benefits and Medical Report for Eligibility Review – completed by employee and physician – first/original
- Form 7A Medical Report for Disability Eligibility Review completed by the physician and employee - current (within six months)
- · Job Description supplied by employer

42

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

Short-Term Benefit Payment

- 50% of 1/12th of Annual Salary (at time short-term payments begin)
 - > Including local supplements and longevity
 - > Excluding overtime and bonuses
 - Maximum benefit of \$3,000 per month
- To determine the daily rate of pay, the benefit is ALWAYS calculated using the total number of days (calendar days) in the month the benefit is being calculated. The daily rate is used to calculate the pay for a partial month.
- Cost of Living Adjustment (COLA) for DIPNC is same as the increase granted for state employees.
- Complete a 711 (Employer's Calculation Report and Payment Record) in order to calculate the monthly and daily rate for the member.

43

In-range salary adjustments are not allowed to be calculated unless the increase or adjustment occurred prior to the waiting period or date of disability

Definition of Base Rate of Compensation

Regular monthly rate of compensation, not including pay for shift premiums, overtime, or extraordinary pay, earned for service as an employee or teacher for full-time work.

In order to establish the salary calculation used on the 711, an employer should review the following:

- Monthly amount of pay on the employer payroll
- Supplements granted by the employer, if applicable
- · Amount of service and appropriate longevity percentage, if applicable

Calculating the COLA

(Across-the-board percentage increase granted by General Assembly) $\mbox{\sc John S. Smith}$

- Short-term: March 21, 2013 March 20, 2014
- When a percentage increase is granted by the General Assembly, the salary and supplement will be increased by the percentage granted.
- · Longevity will be based on the adjusted salary.

Salary (after 2.0% COLA)	\$26,520.00
Supplement (after 2.0% COLA)	N/A
Longevity (1.5%)	\$ 397.80
Adjusted Annual Salary	\$26,917.80
Monthly Salary	\$2,243.15
Gross Monthly Short-term Benefit	\$1,121.58
Daily Rate	\$36.18

45

Employer does not have to recalculate everything. The new benefit may be calculated by increasing the short term payment by the COLA amount.

Calculating the COLA

(Across-the-board flat-rate increase granted by General Assembly) John S. Smith

- Short-term: March 21, 2013 March 20, 2014
- When a flat rate increase is granted by the General Assembly, the salary will be increased by the flat rate amount. The supplement will not be affected.
- · Longevity will be based on the adjusted salary.

Salary (after \$1,000 flat-rate increase)	\$27,000.00
Supplement (will not increase)	\$508.00
Longevity (1.5%)	\$ 405.00
Adjusted Annual Salary	\$27,913.00
Monthly Salary	\$2,326.08
Gross Monthly Short-term Benefit	\$1,163.04
Daily Rate	\$37.52

Taxation of Short-Term Payments

- Subject to Federal and North Carolina Income Tax
- Due to the Bailey case, if a member was vested as of August 12, 1989 the short-term benefit, no matter what amount, is exempt from North Carolina State income tax

Deduction of Social Security (FICA)

- If the member last worked on January 16 and exhausted leave through August, the first month following the last day on the job is still February. Six full months from the last day worked beginning in February is July. (February through July would be six FULL months)
- The member is exhausting leave through August, the FICA tax exemption would begin in September.
- Leave paid in lieu of the short-term disability payment IS NOT FICA tax-exempt.

48

The Internal Revenue Code states "sick pay" (short-term benefits are considered sick pay) is subject to FICA taxes, if paid during the six month period beginning the calendar month after the calendar month the employee last worked. Thus, the first 4 months of short-term payments will likely be subject to FICA taxes, taking into account the 60-day waiting period. If short-term benefits are paid after this 6 month period, even if paid retroactively, they are not subject to FICA taxes.

Short-Term Offsets

Benefits are reduced by:

- Monthly Temporary Total Workers' Compensation (WC) payments (66 2/3 %) by any employer
 - > Member must provide a copy of the Form 21 or Form 60
- Veterans Administration (VA) disability payments, provided that payments are being made for the same or related disability
 - ➤ Member must provide copy of Veterans Administration awards letter
- Excess Earnings
 - > Member must provide employer with Form 703 detailing earnings

Reference: G.S. §135-105(c)

Payments in Lieu of Short-Term Disability

- In lieu of short-term disability benefits, the member may elect to continue to exhaust any accumulated sick leave, vacation leave, or bonus leave provided by the employer.
- A member can use shared leave provided by the employer if the member has not received any STD payments.
- An election to exhaust leave will not extend the 365 days of the short-term benefit period.
- A member may elect to use leave on a day-to-day basis in lieu of a short-term benefit.
 The employer should deduct retirement contributions from the pay for leave used in
 this manner and the member is eligible for service credit provided that leave is being
 exhausted day-to-day and not sporadically.
- Members may use leave to supplement of their Workers' Comp benefits to receive 100% of their salary. Leave pay in this case is not reportable since the member is not eligible for service credit.
- An election to receive a lump sum payout for vacation or bonus leave is treated as if the leave had been exhausted and is in lieu of any short-term benefit payable.

Workers' Compensation

- The Retirement System strongly recommends that all members who
 meet eligibility requirements for short-term make application (701, 703,
 700) for short-term disability as soon as possible (even if they are
 currently in receipt of Workers' Compensation benefits).
- These forms are required so the employer can establish the dates of the short-term period, compensation, and if necessary adjust the member's service.
- A member does not receive non-contributory service credit for the short-term period when in receipt of Workers' Compensation.

(Member may apply to purchase Workers' Compensation if they return to service or if they are approved for long-term disability)

Workers' Compensation

- In order to grant non-contributory credits for short-term disability, a member MUST be in receipt of a short-term benefit.
- A member is eligible for the death benefit when in receipt of Workers' Compensation benefits throughout the entire short-term period as long as the member has applied and qualifies for short-term disability.
- The short-term disability benefit is offset by the Temporary Total Workers' Compensation benefit of 66 2/3% until a clincher agreement has been signed and approved.

EXCEPTION – The short-term benefit <u>will not</u> be offset for a permanent partial Workers' Compensation benefit

Veterans Administration (VA) Benefit

- The short-term payment is offset by the VA benefit provided that the benefit is for the same disability.
- The member must provide a copy of the VA awards letter.
- If the VA benefit is granted for more than one disability, the Disability Income Plan of North Carolina states that the employer should only offset for the same disability that the member is receiving short-term payments.

Earnable Allowance During Short-Term Period

- · Members are allowed to have earnings during the short-term period.
- Earnings from any source are counted against their monthly earnable allowance.
- Earnings, up to the amount of the gross short-term monthly benefit as established on the Form 711, are permitted during short-term without causing a reduction in the benefit amount.
- If earnings exceed the amount of the monthly earnable allowance, the shortterm benefit will be reduced on a dollar-for-dollar basis.
- The monthly earnable cannot exceed \$3,000. [G.S.§ 135-105(c)]

Monthly Earnable Allowance - John S. Smith

Monthly compensation upon which benefit is based (711)	\$2,243.15
Less gross short-term monthly benefit (711)	-\$1,121.58
Monthly earnable allowance	\$1,121.57

- ➤ Member should report any earnings on 703, Reporting Earnings for Shortterm Disability Benefits and Medical Report for Eligibility Review
- > Employer should deduct excess earnings from the subsequent month's short-term benefit payment

August

Earnings	\$1,900.00
Earnable Allowance	-\$1,121.57
Overage	\$778.43

Original Short-term Benefit	\$1,121.58
Overage	-\$778.43
Adjusted Short-term Benefit	\$343.15

September

Earnings	\$2,500.00
Earnable Allowance	-\$1,121.57
Overage	\$1,378.43

Original Short-term Benefit	\$1,121.58
Overage	-\$1,378.43
Adjusted Short-term Benefit	\$0

October

Earnings	\$1,125.00
Earnable Allowance	-\$1,121.57
Overage	\$3.43

Original Short-term Benefit	\$1,121.58
Overage	-\$3.43
Adjusted Short-term Benefit	\$1,118.15

Short-Term Period Trial Rehabilitation (40 continuous days or less)

Trial rehabilitation during the short-term period is defined as a return to service in the **same capacity** that existed prior to the disability, e.g., corrections officer returns as a corrections officer

- Member cannot be paid short-term disability during trial rehabilitation
- During trial rehabilitation, a member must return to a position of full-time contributing membership (same capacity) - 6% retirement contribution withheld
- If the member returns to service for trial rehabilitation for 40 continuous working days or less, the current short-term period will continue
- Any trial rehabilitation of 40 continuous workdays or less will not extend the shortterm disability period

57

During the Short-term period, a return to service for "trial rehabilitation" would be considered a return in the exact same capacity that existed prior to the disability (the same position, doing the same tasks, for the same number of hours, in the same office). Anything other than this would fall under the earnings restrictions, rather than trial rehabilitation.

40 consecutive days = 40 consecutive working days

Short-Term Period Trial Rehabilitation (More than 40 continuous days)

- If the member returns to service for trial rehabilitation, for more than 40 continuous working days, they must complete the application process again, and meet all eligibility requirements for short-term disability, including the waiting period.
- A weekend or holiday does not interrupt the 40 continuous workdays of trial rehabilitation.

Short-Term Period (Earnable Allowance/Trial Rehabilitation Summary)

- Any period of employment with a reduced schedule and/or duty restrictions will be subject to the monthly earnable allowance and not count as trial rehabilitation. The member will still be eligible for short-term benefits if under earning restrictions. 6% is not withheld.
- Periods of trial rehabilitation should be reviewed on a daily basis.
 Trial rehabilitation should be a daily test to determine if the time qualifies for trial rehabilitation or is subject to the monthly earnable allowance due to schedule/duty restrictions.

Reference: G.S. §135-105(e)

Reimbursement

- Employer may request reimbursement of short-term disability payments paid during the second six months of short-term disability
- Employer cannot request reimbursement until all short-term payments have been made to the member
- Employer cannot be reimbursed beyond the date physician signed the final 703 unless the member has been approved for preliminary long-term, extended short-term, or long-term disability by the Medical Board

Reimbursement

- Member will not receive non-contributory service credits until proper forms are received by Retirement System (714, 711, 703, 701, 700, job description)
- ➤ "When requesting Reimbursement, the Employer should provide RSD with **all** of the member's Form 703"
- ➤ If short-term disability payments do not extend into the second six-month period, no reimbursement will be made to employer; however, the employer still needs to submit forms for reimbursement for non-contributory service credits to be granted
- Employer must request non-contributory service credits for any period that short-term was paid

Required Forms

- Form 714 Employer's Reimbursement and Service Credit Report for the Short-term Benefit Period - completed by employer
- Form 711 Employer's Calculation Report and Payment Record completed by employer
- Form 701 Requesting Short-Term Benefits Through the Disability Income Plan of North Carolina – completed by the employee
- Form 703 Reporting Earnings for Short-Term Disability Benefits and Medical Report for Eligibility Review (first & final) – completed by employee and physician
- Form 700 Employer Information Required for Member Disability Benefits – completed by the employer
- Job Description supplied by the employer

Reimbursement Process

- Establish Short-Term Dates
- · Establish Dates of First and Second Six-Month Periods
- · Establish Reimbursement Dates
- Establish Reimbursement Amount

Establish Short-Term Dates - John S. Smith

➤ Member last worked: January 16, 2013
 ➤ Physician certified date: January 21, 2013
 ➤ Member last exhausted leave: March 4, 2013

➤ Date of disability: January 21, 2013

➤ 60 day waiting period: January 21, 2013 – March 21, 2013

➤ Short-term dates: March 22, 2013- March 21, 2014

First Six-Month Period

- 1. March 22 April 21, 2013
- 2. April 22 May 21, 2013
- 3. May 22 June 21, 2013
- 4. June 22 July 21, 2013
- 5. July 22- August 21, 2013
- 6. August 22 September 21, 2013

Second Six-Month Period (Eligible for Reimbursement)

- 1. September 22 October 21, 2013
- 2. October 22 November 21, 2013
- 3. November 22 December 21, 2013
- 4. December 22 January 21, 2014
- 5. January 22- February 21, 2014
- 6. February 22 March 21, 2014 (6th)

John S. Smith

Establish Dates of First and Second Six-Month Periods

- First six-month period: March 22, 2013 through September 21, 2013
- Second six-month period: September 22, 2013 through March 21, 2014

Establish Reimbursement Dates

 Second six-month period only: September 22, 2013 through March 21, 2014

John S. Smith

Establish Reimbursement Amount

- First day of second six-month period (9/22/13)
- There are 21 days in September 2013 that are not eligible to be reimbursed. These days are part of the first six-month period.
- Multiply the 21 days not reimbursed by the daily rate: \$36.18 (711) x 21 = \$759.78
- · Subtract the amount not owed to the employer from a full benefit:

\$1,121.58

<u>- 759.78</u>

\$361.80

John S. Smith

Establish Reimbursement Amount (continued)

- First month (September) of the second six-month period = \$361.80
- Full months of the second six-month period October through February (\$1,121.58 X 5 = \$5,607.90)
- Partial month of the reimbursement 21 days in March 2013 due the employer (21 X \$36.18=\$759.78)
- Total Reimbursement Due (Listed on 714) (\$361.80 + \$5,607.90 + \$759.78 = \$6,729.48)

Health Plan Coverage Reimbursement (Disability lasts 365 days)

- Employer may request reimbursement of the health plan premiums paid during the second six months of the short-term period.
- It is not necessary to prorate any portion of the health plan premiums during the second six months.
- Reimbursement will be for six full months of premium cost provided the short-term disability continues for 365 days.

Health Plan Coverage Reimbursement (Disability lasts 365 days)

Exception

Seven months of premiums may be reimbursed if member:

- · dies during the last month of the short-term period
- retires the 1st of the month following the short-term period

Health Plan Coverage Reimbursement (Disability lasts less than 365 days)

- If the second six months of short-term begins between the 1st and 14th of a calendar month, we will calculate the reimbursement for premiums paid that month (e.g., second six months begins March 14, we will reimburse the April premium which was paid in March).
- If the second six months of short-term begins between the 15th and 31st of a calendar month, we will calculate the reimbursement for premium paid the following month (e.g., second six months begins March 16, we will reimburse the May premium which was paid in April).

Member returns to work on 1/24/2014 (health plan premium paid 1 month in advance)

Short-term dates: March 22, 2013 - March 21, 2014

- First six-month period: March 22, 2013 through September 21, 2013
- Second six-month period: September 22, 2013 through March 21, 2014
- Reimbursement will be made to the employer to cover the time period from September 22, 2013 – January 24, 2014
- The reimbursement will be for premium paid October January

- · Second six months began September 22, 2013.
- The first eligible premium for reimbursement is November (paid in October)
- · Member returns to work January 24, 2014
- The last eligible premium for reimbursement is February (paid in January).

Coverage Paid	Coverage Month	
October	November	
November	December	
December	January	
January	February	
oundary	rebruary	

Member returns to work on 1/10/2014 (health plan premium paid 1 month in advance)

Short-term dates: March 22, 2013 - March 21, 2014

- First six-month period: March 22, 2013 through September 21, 2013
- Second six-month period: September 22, 2013 through March 21, 2014
- Reimbursement will be made to the employer to cover the time period from September 22, 2013 – January 10, 2014
- The reimbursement will be for premium paid October December

- · Second six months began September 22, 2013.
- The first eligible premium for reimbursement is November (paid in October)
- Member returns to work January 10, 2014
- The last eligible premium for reimbursement is January (paid in December).

Coverage Paid	Coverage Month	
October	November	
November	December	
December	January	

Underpayment

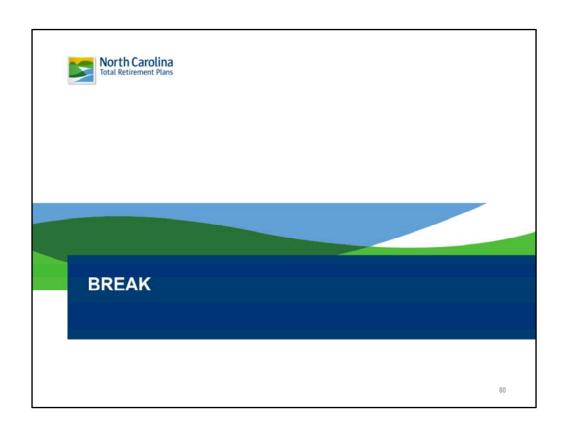
- If the underpayment to the member is less than \$200, the Retirement System will only reimburse the employer the amount paid, not the amount due.
- The Retirement System will not reimburse an employer if the underpayment to the member is greater than \$200.
- The employer must pay the member the amount due and then provide proof of payment to the Retirement System, e.g., copy of the check or a revised 711.

Overpayment

- The Retirement System will only reimburse to the employer the amount due, not the amount actually paid to the member.
- The employer will be responsible for requesting the overpayment from the member.

Underpayment/Overpayment

- The Retirement System will calculate both the first and the second six-month periods of short-term to make sure that the employee has been paid correctly.
- Underpayments and overpayments in either/both of the six-month periods are combined to establish the amount of the underpayment/overpayment. The employer will be advised in writing of any necessary adjustments.



Extended Short-Term

Apply 90 days before the conclusion of short-term

- Must complete 365 days of short-term disability benefits before extended short-term benefits can begin
- Extension of the short-term benefit for as many as 365 days beyond the short-term period, provided:
 - > the disability continues to be temporary and
 - > will likely end during the extended period and
 - ➤ is approved by the Medical Board

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

8

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

Extended Short-Term Disability

- 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)
- 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

Exhaustion of Leave

- In lieu of extended short-term, a member may elect to exhaust any employer-approved leave.
- An election to exhaust leave will not extend the 365 days of extended short-term.
- An election to receive any form of leave for any part of a day is in lieu
 of an extended short-term benefit payable for that day. Leave should
 be used in full day increments, whenever possible.
- An election to receive a lump sum payout for leave is treated as if the leave had been exhausted day-by-day and is in lieu of any extended short-term benefit for that day.

Extended Short-Term Payments

- 50% of 1/12th of annual salary (at time short-term payments begin)
 - o Including local supplements and longevity
 - o Excluding overtime, bonuses, and shift differential
 - o Eligible for Disability Income Plan cost-of-living adjustments
- Subject to a maximum benefit of \$3,000/month

85

In-range salary adjustments are not allowed to be calculated unless the increase or adjustment occurred prior to the waiting period or date of disability

Extended Short-Term Offsets

- Monthly Total Temporary Workers' Compensation (WC) payments (66 2/3 %) by any employer
 - ➤ Member must provide a copy of the Form 21 or Form 60
- Veterans Administration (VA) payments for the same or related disability
 - > Member must provide copy of Veterans Administration awards letter
- Excess Earnings
 - > Member must provide RSD with Form 707 detailing earnings

Reference: G.S. §135-105(c)

Earnings

- Gross earnings, up to the amount of the extended short-term benefit, are permitted
- If earnings exceed the amount of the extended short-term benefit, the benefit will be reduced on a dollar-for-dollar basis
- Earnable allowance may be requested from the Retirement System

Calculation of Earnings

Adjusted monthly salary (active)	\$2,200
Extended short-term payment (50%)	\$1,100
Monthly earnable allowance	\$1,100

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

- Return to work in the same capacity (same job, same duties, same hours)
- May return to service for periods not to exceed 40 continuous workdays (approximately 8 weeks)
- Weekends & holidays do not interrupt the 40 continuous workdays
- · Trial rehabilitation will not extend the extended short-term period
- · May have more than one trial rehabilitation period
- Will contribute to the Retirement System and receive contributory service credits

8

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

Scenario 1

Jeffery Smith was approved for extended short-term disability on September 1. His employer allows him to return to work on Monday, December 4. He returns in the same capacity and works 8 hours on December 4. He continues to work 8 hours per day, Monday through Friday, until January 15. On January 15, Jeffery is unable to come to work. He does not have any leave to exhaust.

- Is Jeffrey eligible to continue with extended short-term benefits?
- On January 30th, Jeffery returns to full-time employment. How should the employer treat this day of return to work?

Treat as regular pay (it is retirement eligible)

Explanation of Scenario 1

- For each day that Jeffrey works in the same capacity at a full schedule, his employer should report his salary and contributions to the Retirement System. The employer should call the Division immediately to advise of the members return to work so that we do not overpay the member.
- As a result, Jeffery will earn contributory service for December and January.
- The Retirement System will pay extended short-term benefits for the day(s) in which Jeffery did not work or exhaust leave.
- If he exceeded 40 consecutive days, then he would start the disability application process again.

Refund of Contributions

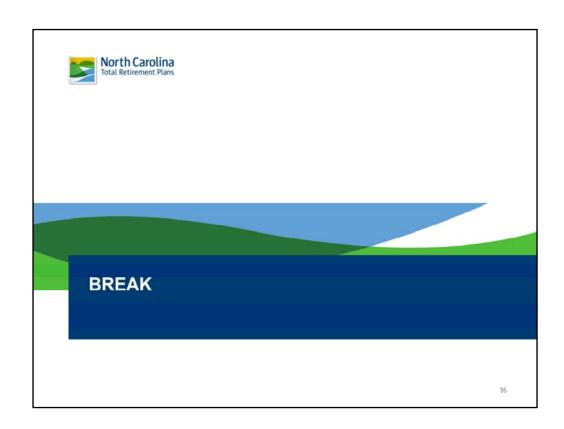
- May receive a refund of retirement contributions if any of the following applies:
 - The short-term or extended short-term period has ceased and member has not returned to work
 - o Member is no longer disabled as determined by Medical Board
 - o Benefits are suspended
- Must complete "Application for Refund" (Form 5)
- Must sign a waiver letter forfeiting all future benefits before the refund is paid

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)
 - o Consistently exceeds earnings
 - o Medical Board rejection
 - o 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).



Long-Term

- 5 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

96

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)
- Should 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)
- 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

- 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

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

Reference: G.S. §135-106(c1)

- Beginning August 1, 2007, salary during trial rehabilitation must be equal to or greater than the salary on which the long-term benefit is based
- 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

- If trial rehabilitation is less than 36 months:
 - o Must be approved by the Medical Board
 - $_{\odot}$ If approved, then long-term benefit is reinstated
- If trial rehabilitation is greater than 36 months:
 - o Any subsequent disability is treated as a new condition
 - o 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

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)

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

107

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 reduce 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.

109

*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

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
 - o 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 2

Summer Anderson has 7 years of contributing membership service with TSERS. She was approved for extended short-term disability effective February 13, 2014.

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

March 1, 2014

Scenario 3

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, 2010.

- 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

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
 - o Minimum/\$25,000
 - o Maximum/\$50,000
- ORP members who are in receipt of benefits from DIPNC are not covered under the Death Benefit

121

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

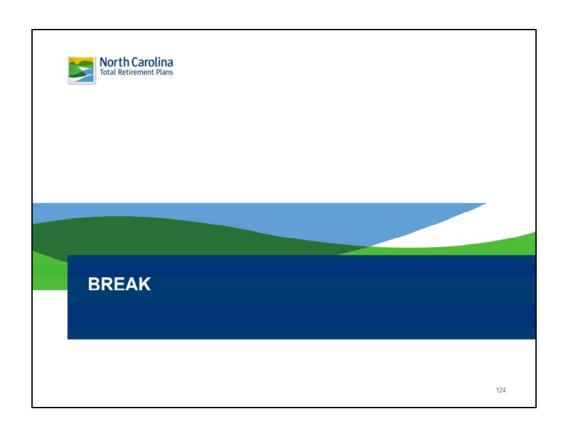
If approved for DIPNC benefits, a member's beneficiary may be eligible for the Survivor's Alternate Benefit if the following conditions are met:

- · General employee
 - o 20 years service regardless of age, or
 - o 5 years contributing membership service at age 60
- · Law enforcement officer
 - o 20 years service regardless of age
 - o Age 50 and 15 years service as a law enforcement officer

Service = contributory and non-contributory

Disability Income Plan - Survivor's Alternate Benefit

- One principal beneficiary for the Return of Contributions (Form 2RC)
- For members with less than 10 years if service, we will check the beneficiary designation in ORBIT
- · 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 (settled April 1997)
- · Members who qualify will be given an option of disability plans
- · 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
 - o projected to age 65
- At least 5 years of contributing membership service as if July 1, 1985
 - o projected to age 65 or 30 years whichever is earlie
- At least 5 years of contributing membership service prior to January 1, 1988
 - o projected to first unreduced retirement

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
- 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

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

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

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

Benefit Calculation

\$35,000.00 (AFC) x .0182

\$637.00

\$637.00

<u>x 45.5000</u> (service)

\$28,983.50

\$28,983.50 / 12**= \$2,415.29**

(maximum monthly benefit)

Projection to First Unreduced Retirement

Treatment of sick & annual leave

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

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

Benefit Calculation

\$35,000.00 (AFC) <u>x .0182</u> \$637.00

\$637.00 <u>x 30.0000</u> (service) \$19,110.00

\$19,110.00 / 12= **\$1,592.50** (maximum monthly benefit)

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)

Earnings Restrictions

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

Member may contact the Retirement System to request an Earnable Allowance

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 BSD

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 allowance greater of 50% of the last year's salary or \$32,260 (2017 amount)
- 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 Supplemental Insurance

- Pierce Insurance will send 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 monthly benefit.

Pierce Insurance Agency 855-627-3847 www.ncretiree.com

${\bf Active \; Employee \; Online \; Resource \; \underline{www.myncretirement.com}}$

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

Employer Online Resource 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

Online Retirement Benefits through Integrated Technology



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 <u>oer@nctreasurer.com</u>

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

E-Mail: nc.retirement@nctreasurer.com

OER@nctreasurer.com (Employer ORBIT

Payroll Reporting)



https://www.facebook.com/MyNCRetirement

Department of State Treasurer Retirement Systems Division

3200 Atlantic Avenue Raleigh, NC 27604

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

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.

Disability Training Survey

- Give us your feedback on this disability training session
- Complete the survey at: https://www.surveymonkey.com/r/RetirementPlanningConfSurvey
- · This web-based survey only requires a few minutes of your time
- Survey responses are completely confidential
- Your opinion plays an important role in the development and delivery of enriched training sessions
- Thank you in advance for your feedback

