MEMBER HANDBOOK

DISABILITY INCOME PLAN OF NORTH CAROLINA

FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
AND THE OPTIONAL RETIREMENT PROGRAM

North Carolina
Total Retirement Plans

Dale R. Folwell, CPA
State Treasurer of North Carolina
Dale R. Folwell, CPA

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DISCLAIMER: The availability and amount of all benefits you might be eligible to receive is governed by North Carolina law. The information provided in this handbook cannot alter, modify or otherwise change the controlling North Carolina law or other governing legal documents in any way, nor can any right accrue to you by reason of any information provided or omission of information provided herein. In the event of a conflict between this information and North Carolina law, North Carolina law governs.

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Section 1: Overview of the Plan

The Disability Income Plan of North Carolina (DIPNC), is administered by the Department of State Treasurer for North Carolina public employees.

This handbook is designed to provide you with information about the disability benefits available to you as a member of the Teachers' and State Employees' Retirement System or the Optional Retirement Program.

This handbook is just one of the disability resource materials available to you. Please visit the Government Benefit Recipient section on our website, www.MyNCRetirement.com, to enhance your knowledge of your disability benefits and the process of applying for and maintaining your benefits.

The Disability Income Plan of North Carolina (DIPNC) provides monthly replacement income to you 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 the Teachers' and State Employees' Retirement System (TSERS) or a participant of the UNC Optional Retirement Program (ORP), and you meet certain eligibility requirements described in this handbook.

If you are a disabled TSERS member who has five or more years of maintained TSERS retirement membership service credit before January 1, 1988, you may be eligible for TSERS disability retirement benefits instead of DIPNC benefits. (See page 23)

What is a Disability?

Under DIPNC, disability is defined as the mental or physical incapacity for the further performance of your usual occupation, provided that such disability was not the result of terrorist activity, active participation in a riot, committing or attempting to commit a felony or an intentional self-inflicted injury.

Section 1: Overview of the Plan

Benefits Available under DIPNC

After a required 60-day waiting period (see page 6), if you meet all eligibility requirements, you may be eligible to receive one of the following types of monthly DIPNC benefits:

Benefit	Length (if you meet all eligibility requirements)
Short-term disability benefits	**Up to 365 days after the 60-day waiting period**
Extended short-term disability benefits	**Up to 365 additional days after the last day of your short-term disability benefits, if your disability is likely to be temporary**
Long-term disability benefits	**After your short-term disability benefits period, if your disability is likely to be permanent, long-term disability benefits may be payable. If you meet all requirements, benefits will be available to you up to the date you would have become eligible for TSERS unreduced service retirement benefits if you had remained in service under TSERS.** **NOTE:** If you had less than five years of TSERS or ORP membership service as of July 31, 2007, your long-term benefits will end after you have received 36 long-term disability benefit payments. If, however, you are approved for Social Security disability benefits, your DIPNC long-term disability coverage will continue.

Section 2: 60-Day Waiting Period

Benefits under DIPNC may begin after a mandatory 60-calendar-day waiting period. During this waiting period, you may use all of your accumulated sick leave, vacation leave or any other salary continuation provided by your employer. The exhaustion of leave does not change your date of disability or the beginning date of the waiting period.

The first day of the 60-day waiting period will be the later of the following:

- The day after your last day of actual service, provided your physician certifies you to be disabled as of your last day of actual service.
- The day the disabling event occurred, as certified by your physician, if your disabling event occurred on a day later than your last day of actual service, provided you were in a pay status as of the last day you exhausted leave.
- The day the disabling event occurred, as certified by your physician, if your disabling event occurred on a day other than a normal work day (e.g., a Saturday or Sunday, or for public school teachers, a day during the summer months).
- The day following at least 365 calendar days of employment as a state teacher or state employee (for example, if you are *first employed* on January 1, 2017, and are certified as disabled on December 20, 2017, the waiting period would begin on January 1, 2018).

During the waiting period, you may return to work in any capacity *for any part of a given day* for trial rehabilitation. These trial periods may not be more than five continuous days of service. If you return to work for less than five continuous days, it will not cause a new waiting period to begin, but will extend the waiting period by the number of days you returned to work. A return to work for more than five continuous workdays will cause a new waiting period to begin.

Section 3: Short-Term Disability Benefits

Short-Term Eligibility Requirements

Short-term disability benefits are payable after the conclusion of the 60-day waiting period, and therefore generally begin on the 61st day of disability. Short-term disability benefits are paid for up to 365 calendar days, provided you meet **all** of the following requirements:

- You must apply within 365 days of the start of the waiting period.
- You have at least one year of TSERS or ORP membership service earned within the 36 calendar months immediately preceding your disability.
- You are determined to be mentally or physically disabled for the further performance of your usual occupation.
- Your disability was incurred at the time of active employment.
- Your disability has been continuous.

If your membership service within the 36 calendar months immediately preceding the date of disability was interrupted for military service, you will be eligible for short-term disability benefits, provided you meet all other requirements.

Short-term disability benefits are paid by your employer; therefore, you should contact your employer to apply for benefits, or with questions about health coverage. The determination of disability and eligibility for short-term benefits is generally made by your employer and physician. However, either you or your employer may request a determination of disability by the Retirement Systems' Medical Board.

There is no waiting period if you are not eligible.

Section 3: Short-Term Disability Benefits

Short-Term Benefit Amount

The monthly short-term benefit is equal to 50 percent of 1/12 of your annual base salary that you received right before the short-term benefit period. This includes longevity and local supplements, if any, and is 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.

Example of a Short-Term Disability Benefit	***Annual Base Salary = $36,000*** ***50% x $36,000 ÷ 12 = $1,500 per month*** ***(if no offsets apply)***

Any short-term disability benefits paid during the first six months after the date of disability are subject to FICA (Social Security) taxes. Short-term disability payments made more than six months after the last calendar month you worked are not subject to FICA taxes. For example, if you last worked in December 2017, any short-term disability payments made before June 30, 2018, would be subject to FICA taxes.

Salary Continuation During the Short-Term Period

Instead of receiving short-term disability benefits, you may choose to use all of your accumulated sick leave, vacation leave or any other salary continuation provided by your employer. If you choose this option, it will not extend the 365-day duration of the short-term benefit period. If you elect to receive salary continuation for any part of a given day, this election will take the place of any short-term benefit that would have been payable for that day. An election to receive a lump-sum payout for vacation leave is treated as if you had exhausted the leave.

Short-Term Disability Benefit Offsets

Your DIPNC benefit may be subject to an offset. An "offset" is a reduction in the amount of your DIPNC benefit based on the amount of another benefit that you are receiving or that you may be eligible to receive. State law requires your DIPNC short-term and extended short-term benefits be reduced by:

- An amount equal to your Workers' Compensation Temporary Total Disability Benefits, if you are receiving this workers' compensation benefit due to a disability incurred during the same period of state employment as the disability related to your DIPNC benefit.
- An amount equal to your Veterans Administration benefit if based on the same disability as your DIPNC benefit.
- An amount equal to other federal disability benefits or certain North Carolina military benefits if based on the same disability as your DIPNC benefit.
- Excess monthly earnings (see *Earnings During Short-Term Period* below).
- Severance pay as a result of reduction-in-force from the state.

Section 3: Short-Term Disability Benefits

Earnings During Short-Term Period

While receiving short-term disability benefits, on a monthly basis, you may earn up to the same amount as your short-term benefit amount from any public or private employer without affecting your short-term benefit. If you earn more than this amount, your short-term benefit will be reduced dollar for dollar by the amount of your excess earnings.

Trial Rehabilitation During Short-Term Period

Trial rehabilitation during the short-term period is defined as a return to service in the same capacity that existed prior to the disability. Short-term disability benefits stop if you return to your usual occupation. If you return to service for trial rehabilitation during the short-term period, a new waiting period will not begin unless your return to service exceeds 40 continuous days or a different disability occurs. Any period of rehabilitative employment will not extend the short-term disability period.

Preliminary Long-Term Disability Determination

A preliminary long-term disability determination by the Retirement Systems Division's Medical Board may be requested by you 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. Preliminary long-term approval by the Medical Board does not represent approval for long-term disability benefits. You must later apply for, and be approved for, long-term disability benefits even if the Medical Board approved you for preliminary long-term disability benefits.

Section 4: Extended Short-Term Disability Benefits

Short-term disability benefits may be extended for a maximum of 365 days beyond the short-term period in cases where the Retirement Systems' Medical Board finds that the disability is ongoing but is likely to end during the extended period. You must complete an application for extended short-term disability benefits and forward the application and the appropriate medical documentation to the Retirement Systems Division. Extended short-term disability benefits are paid by the Retirement Systems Division.

The same eligibility requirements, benefit calculations, offsets and earnings restrictions that apply to short-term disability benefits also apply to extended short-term disability benefits.

Your monthly extended short-term disability benefit is equal to 50 percent of 1/12 of the annual base salary that you received right before the short-term benefit period. This includes longevity and local supplements, if any, 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 (see Short-Term Disability Benefit Offsets on page 8).

Example of an Extended Short-Term Disability Benefit	***Annual Base Salary = $48,000*** ***50% x $48,000 ÷ 12 = $2,000 per month*** ***(if no offsets apply)***

Section 5: Long-Term Disability Benefits

Long-Term Eligibility Requirements

Long-term disability benefits are payable after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later. Long-term benefits may be payable for as long as you are permanently disabled, provided you meet **all** of the following requirements:

- You have at least five years of TSERS or ORP membership service earned within the 96 calendar months immediately before the end of the short-term disability period, or the completion of salary continuation payments, whichever is later.
- You apply to receive long-term benefits within 180 days after the conclusion of the short-term disability period, after salary continuation payments cease, or after monthly payments for Workers' Compensation cease (excluding monthly pay for permanent partial benefits), whichever is later.
- You are certified by the Retirement Systems' Medical Board to be mentally or physically disabled for the further performance of your usual occupation.
- Your disability has been continuous, is likely permanent, and was incurred at the time of active employment.
- You terminate employment as a permanent full-time teacher or state employee.
- (For TSERS members only) You do not meet the eligibility requirements to receive an unreduced TSERS service retirement benefit.
- (For ORP members only) You have not reached the date when a service retirement benefit would be first available to you had you elected to be a TSERS member.

Long-term disability benefits are paid by the Retirement Systems Division (RSD). The determination of disability and eligibility for long-term benefits will be made by the RSD's Medical Board. The Medical Board may not determine any person to be eligible for long-term benefits who is in receipt of any payments due to the same disability that existed upon entrance into membership in the Retirement System.

If you had *less than five years* of TSERS or ORP membership service as of July 31, 2007, your long-term benefits will end after you received 36 long-term disability benefit payments unless you have been approved for Social Security disability benefits.

Section 5: Long-Term Disability Benefits

Long-Term Benefit Amount

As long as you are eligible to receive long-term disability benefits, your gross monthly benefit **before any offsets** (see page 15) is equal to 65 percent of 1/12 of the annual base salary that you received right before the long-term benefit period, including longevity and local supplements, if any. The maximum monthly long-term benefit is $3,900. Long-term disability benefits are subject to certain offsets or reductions for Social Security benefits and for disability benefits received from other programs (see Long-Term Offsets on page 15). **These required offsets will cause your DIPNC long-term benefit to be reduced.** The minimum monthly long-term benefit is $10.

Example of a Long-Term Disability Benefit	*Annual Base Salary = $42,000* *65% x $42,000 ÷ 12 = $2,275 per month* *(if no offsets apply)*

Length of Long-Term Benefits

Your long-term disability benefits will end:

- If a medical professional does not continue to certify your disability when a re-examination is requested by the Medical Board.
- In most cases, if you return to work as a contributing TSERS or ORP member.
- After you have received 36 long-term disability benefit payments, if you had less than five years of membership service as of July 31, 2007, and you have not been approved for Social Security disability benefits.
- When you become eligible for an unreduced service retirement benefit (see page 22).
- At your death.

Benefit Limitations

- After four years from the end of the waiting period, if you are not receiving Social Security disability benefits and if you had *five or more years* of membership service as of July 31, 2007, your long-term benefit will be reduced by an estimated amount equal to what you might have been entitled had you been awarded Social Security disability benefits.
- If you had *less than five years* of membership service as of July 31, 2007, your long-term benefits and State Health Plan coverage will end after you have received 36 long-term disability benefit payments unless you have been approved for Social Security disability benefits.

If your long-term benefit is suspended because you are not receiving a primary Social Security disability benefit, it may be restored if the Social Security Administration grants retroactive approval for primary Social Security disability benefits with a benefit effective date within the first 36 months of the long-term disability period.

Section 5: Long-Term Disability Benefits

In this event, the long-term disability benefit will be restored retroactively to the date the benefit was suspended. However, your State Health Plan coverage will not be reinstated retroactively. See page 16 for effects on your health coverage if your DIPNC benefit is suspended.

State law requires your DIPNC long-term disability benefit to be offset dollar for dollar by the amount of your Social Security benefit, so when you receive an increase in your Social Security benefit, your DIPNC long-term disability benefit will be decreased by the same amount. This change is usually made in your January long-term disability benefit.

Waiver of Long-Term Disability Benefits

If you have applied for, and been approved for, long-term disability benefits, you may make an irrevocable election to forfeit the long-term disability benefits and:

- Retire on an early service retirement allowance effective on the first day of the month after the end of the short-term period, provided all other requirements for early service retirement have been met, **or**
- Receive a return of accumulated contributions from the Retirement Systems.

This election must be made within 90 days of the date of notification of the approval for long-term disability benefits and before you receive any long-term disability benefit payments.

Salary Continuation During the Long-Term Period

Instead of receiving long-term disability benefits, you may choose to use all of your accumulated sick leave, vacation leave or any other salary continuation provided by your employer. This election will not extend the first 36 consecutive months of the long-term disability period. If you elect to receive salary continuation for any part of a given day, this election will take the place of any short-term benefit that would have been payable for that day. An election to receive a lump-sum payment for vacation leave is treated as if you had exhausted the leave and is in lieu of any long-term benefits otherwise payable.

Trial Rehabilitation During Long-Term Disability

Trial rehabilitation during the long-term disability period is defined as returning to work in any capacity with any employer participating in TSERS if your salary earned is equal to or greater than the salary on which your long-term benefit is based. During periods of trial rehabilitation, your long-term disability benefits will be suspended.

If you are unable to continue with re-employment because of the same disability or a new disabling condition, your long-term disability benefit may be restored without a waiting period or new short-term disability period if:

- Your return to service was not longer than 36 continuous months, **and**

Section 5: Long-Term Disability Benefits

- the Retirement Systems' Medical Board certifies that you are disabled according to the laws that were in effect at the time of your original approval for long-term disability.

If your trial rehabilitation period exceeds 36 continuous months, and you are unable to continue with reemployment because of the same disability or a new disabling condition, you will be required to reapply for short-term disability and a new 60-day waiting period will be imposed. Any later disability will be treated as a new condition requiring a new waiting period and a new short-term disability period.

Earnings During Long-Term Disability

If you accept public or private employment while you are receiving long-term benefits, there are limits to the amount you may earn each month without affecting your long-term benefit. You may earn up to the difference between the monthly base rate of salary on which your long-term benefit is calculated and the amount of your monthly long-term benefit after any required offsets. If you earn more than this amount, your long-term benefit will be reduced dollar for dollar by the amount of your excess earnings.

You should contact the Retirement Systems Division for the monthly amount you are allowed to earn.

If you exceed your earnable allowance limit you will be required to repay the excess. The Retirement Systems Division will calculate the amount of your overpayment and inform you in writing of your overpayment amount and your repayment options for reimbursing the Retirement Systems Division.

Report of Earnings

State law requires each DIPNC long-term disability benefit recipient to complete and submit a Statement of Income form to report earnings from employment and/or benefits from certain other sources each year to the Retirement Systems Division. This form is mailed annually to each plan recipient. The plan may require other statements of monthly earnings as necessary. If you exceed the monthly allowable earnings limitations, you must notify the plan of the amount of the excess monthly earnings by the fifth of the month after the month in which the earnings were received. Failure to report excess monthly earnings may result in a suspension or termination of your DIPNC benefit and State Health Plan coverage. See page 16 for effects on your health coverage if your DIPNC benefit is suspended.

If you receive more benefits than you are entitled to (know as an "overpayment"), you will be responsible for paying back that amount. By law, the Retirement Systems Division is required to notify the Department of Revenue of anyone who receives an overpayment. Future state tax refunds or lottery winnings that you receive will be sent to the Retirement Systems Division to pay down your overpayment debt.

Section 5: Long-Term Disability Benefits

Long-Term Disability Benefit Offsets

Your DIPNC benefit may be subject to an offset. An "offset" is a reduction in the amount of your DIPNC benefit based on the amount of another benefit that you are receiving or that you may be eligible to receive.

State law requires your DIPNC long-term benefits be reduced by:

- An amount equal to your Workers' Compensation Disability Benefits, if you are receiving this workers' compensation benefit due to a disability incurred during the same period of state employment disability related to your long-term benefit.
- An amount equal to your Veterans Administration Benefits, other federal disability benefits or certain North Carolina military benefits, if based on the same disability as your long-term benefit.
- Excess monthly earnings from any type of public or private employment (see Earnings During Long-Term Disability on page 14).
- Severance pay as a result of reduction-in-force from the state.
- An amount equal to any Social Security benefits which you are receiving (excluding widow's/widower's benefit) or which you are entitled to receive, including age 62 Social Security retirement benefits.

Example of a Long-Term Disability Benefit with an Offset	***Annual Base Salary = $42,000*** ***65% x $42,000 ÷ 12 = $2,275 per month (before offset)*** ***-$1,000 per month Social Security Disability Benefit offset =*** ***$1,275 per month long-term disability benefit (with offset)***

Restrictions

You are not permitted to receive a refund of your retirement contributions or to begin monthly TSERS retirement benefits at the same time you are receiving monthly DIPNC benefit payments.

Section 6: Health Coverage

Under current law, while you are receiving DIPNC benefits, if you have five or more years of TSERS or ORP membership service, the state will pay for the Retirement Systems' share of your premium. While you are receiving DIPNC benefits, if you have less than five years of TSERS or ORP membership service, you may choose to enroll in State Health Plan coverage, but you will have to pay the entire cost of your State Health Plan coverage, including the employer portion. In all cases, the full cost of dependent coverage, if elected, must be paid by you.

Health Coverage During Approval Process

To cover any gap that may exist between the approval of your short-term disability and extended and/or long-term disability, you may want to enroll in COBRA (Consolidated Omnibus Budget Reconciliation Act) continuation coverage.

For example: Extended short-term disability is approved on April 8, 2018, with a February 1, 2018, effective date. While the extended disability benefit is effective in February, your State Health Plan benefit is not effective until April 1, 2018, because that is the month it was approved. If you want State Health Plan coverage between the end of your short-term disability and the start of your State Health Plan benefit on April 1, 2018, you will need to elect and pay for COBRA coverage.

Enrollment

The State Health Plan will automatically enroll you in coverage once your disability is approved. Your State Health Plan coverage can be effective no earlier than the first day of the month in which your extended short-term and/or long-term disability is approved. **If your disability benefit is approved with a retroactive effective date, your State Health Plan coverage will not be retroactive.**

Your portion of the State Health Plan premium and the premium for any dependent coverage will be deducted from your disability benefit payment each month. If the State Health Plan is unable to deduct your premium from your disability benefit, the State Health Plan will mail you a premium invoice.

For additional information, please contact the State Health Plan at 855-859-0966 or visit the State Health Plan website at www.shpnc.org.

If your DIPNC benefit is suspended and later reinstated, **your State Health Plan coverage will not be reinstated retroactively. As a result, you may experience a lapse in your health coverage,** which means you may not have health coverage for a month or more.

You may be eligible for COBRA coverage.

Section 7: How to Apply for DIPNC Benefits

You should talk to your employer or contact the Retirement Systems, review the guides on the applicable disability forms and submit a complete disability application package to the Retirement Systems Division if you are applying for DIPNC preliminary long-term, DIPNC extended short-term or DIPNC long-term benefits. If you are applying for DIPNC short-term benefits, you should submit the package to your employer since the employer will be paying your short-term benefits.

A complete DIPNC short-term and/or preliminary long-term application package includes:

- **Form 701:** Requesting Short-Term Benefits Through the Disability Income Plan of North Carolina *(you complete this form)*
- **Form 700:** Requesting Employer Information Required for Member Disability Income Plan Benefits *(your employer completes this form)*
- **Job Description** *(provided by employer)*
- **Form 703:** Reporting Earnings for Short-Term Disability Benefits and Medical Report for Eligibility Review *(you and a licensed physician complete this form)*
- **Form 7A:** Medical Report for Eligibility Review *(a licensed physician completes this form)*
- Supporting medical documentation within six months

A complete DIPNC extended short-term or long-term application package includes:

- **Form 704:** Requesting Additional Benefits Through DIPNC *(you complete this form)*
- **Form 701:** Requesting Short-Term Benefits Through the Disability Income Plan of North Carolina *(you complete this form)*
- **Form 700:** Requesting Employer Information Required for Member Disability Income Plan Benefits *(your employer completes this form)*
- **Job Description** *(provided by employer)*
- **Form 703:** Reporting Earnings for Short-Term Disability Benefits and Medical Report for Eligibility Review *(you and a licensed physician complete this form)*
- **Form 7A:** Medical Report for Eligibility Review *(a licensed physician completes this form)*
- **Form 711:** Determining and Recording Short-Term Disability Benefits *(your employer completes this form)*
- Supporting medical documentation within six months

Upon receipt of a complete disability application package, the Retirement Systems Division's Disability Section will review your account to verify that you meet disability benefit eligibility requirements and schedule your file for Medical Board review.

Section 7: How to Apply for DIPNC Benefits

You can provide your medical documentation directly to the Retirement Systems Division, but your employer will need to verify your employment information and provide other information on your disability forms to the Retirement Systems Division in order for your disability benefits to be processed.

Upon Medical Board approval for DIPNC extended short-term or long-term disability benefits, the Retirement Systems Division will notify you of the decision and send you all final required forms/information (see page 17) to be properly completed and submitted to the Retirement Systems Division. Depending on your DIPNC approval date, your first payment may be a prorated amount. If you have applied for DIPNC short-term or preliminary long-term benefits, please contact your employer for information since the employer will be paying these benefits. All forms listed can be found on the ORBIT website.

The completed forms and information that must be submitted to the Retirement Systems Division to begin long-term benefits are:

- **Form 705:** Agreeing to Accept Long-Term Benefits through DIPNC *(you complete this form)*
- **Form 706:** Confirming an Employee's Resignation *(your employer completes this form)*
- **Form 715:** Authorizing Social Security to Release Benefit Information *(you complete this form)*
- **Social Security, Veterans Administration and/or Workers' Compensation Information** *(you provide this information)*

Section 8: DIPNC Benefit Increases

The base rate of compensation on which DIPNC benefits are calculated may be increased by the TSERS Board of Trustees by the percentage across-the-board increase granted to general active state employees by the General Assembly. The Retirement Systems Division will notify TSERS employers of the amount and effective date of any increase for short-term disability recipients and will directly notify extended short-term and long-term disability recipients.

Section 9: Medical Board Re-examination

The frequency of your re-examinations will be determined by the Medical Board depending on your disabling condition. The Retirement Systems Division will send you the re-examination forms and notification 90 days prior to your re-examination date. After 60 days have passed, you will be sent a final notice, which will inform you of the date that your disability benefit and State Health Plan coverage will be suspended if you have not submitted the requested information. Your disability benefits will be terminated if the information requested is not received within one year of the request. See page 16 for effects on your health coverage if your DIPNC benefit is suspended or terminated.

Section 10: Income Tax

Federal Income Tax

Disability benefits from the Disability Income Plan of North Carolina (DIPNC) are subject to federal income tax. Each year in January, we issue a Form W-2 (*Wage and Tax Statement*) rather than a 1099-R since disability benefits are considered a "Sick Pay Plan" for federal tax purposes. However, the reportable amount does not represent earned income for work performed by you. The Form W-2 shows your total gross amount of the DIPNC benefit for the calendar year, the amount of tax withheld (if any), and other related information.

North Carolina Income Tax

If you are a North Carolina resident and have maintained five or more years of service as of August 12, 1989, your benefits are not subject to North Carolina income tax. If you do not have five years as of August 12, 1989, the taxable portion of your benefit is subject to North Carolina income tax.

We also send copies of your Form W-2 to the Internal Revenue Service and the North Carolina Department of Revenue. Therefore, you should report your benefits on your federal and North Carolina tax returns regardless of whether you owe any income tax.

Section 11: Death Benefits

Death Benefit

While in receipt of benefits under DIPNC as a TSERS member, you are considered to be in service and eligible for the death benefit. The payment is equal to the highest 12 months of salary during the 24 months before your death or the compensation used in calculating benefits under this plan as adjusted for percentage increases in post-disability benefits, but no less than $25,000 and no more than $50,000.

The death benefit is payable to your eligible death benefit beneficiary(ies) living at the time of your death. This death benefit does not apply to persons in receipt of benefits who were participants of the Optional Retirement Program. If you need to change your beneficiary(ies) for the Death Benefit, log in to ORBIT (see page 25) or fill out Form 2C (*Designating Beneficiary(ies)*).

Return of Contributions

A lump-sum return of your TSERS retirement contributions is also payable to your eligible beneficiary(ies) living at the time of your death if you die while in receipt of DIPNC benefits. If you need to change your beneficiary(ies) for the Return of Contributions, log in to ORBIT or complete Form 2C.

Survivor's Alternate Benefit (SAB)

The SAB does not apply if you have two or more beneficiaries eligible for the return of contributions living at the time of your death or if your estate is your eligible beneficiary at the time of your death. The monthly SAB equals the same amount you would have been entitled to receive under Option 2 had you survived and retired on the first of the month following your death. Since the SAB is payable instead of the return of your contributions, if you need to change your beneficiary for the Return of Contributions (and SAB, if applicable), log in to ORBIT (see page 25) or complete Form 2C.

Instead of the refund of your TSERS retirement contributions to your beneficiary, the SAB may be payable if you have only one eligible beneficiary for the return of contributions living at the time of your death, and you die while in receipt of DIPNC benefits after:

- Completing 20 years of creditable service (not including credit for unused sick leave) regardless of age.
- Reaching age 60 with five years of TSERS membership service if you are a TSERS general employee.
- Reaching age 50 with 15 years of creditable service as a law enforcement officer or reaching age 55 with five years of creditable service as a law enforcement officer.

If you do not meet one of these conditions, your beneficiary will be able to receive only a return of your contributions.

NOTE: During the month a retiree or beneficiary dies, the legal representative of the deceased retiree or beneficiary is entitled to a full check for the month the death occurred. However, it is a Class 1 Misdemeanor for a person to fraudulently receive the retirement benefit of a deceased retiree or beneficiary after the recipient's death.

Section 12: Converting to a Service Retirement

If you are a TSERS member, while you are receiving short-term, extended short-term or long-term DIPNC benefits, you are granted TSERS creditable service for each month you are eligible for and paid a DIPNC benefit. Creditable service is not granted for any month that you are earning creditable service in any state-administered retirement system. Your TSERS membership service is added to your TSERS creditable service to determine your eligibility date for unreduced service retirement benefits. The Retirement System will calculate your average final compensation for your TSERS retirement benefit based on the higher of your actual compensation or the compensation used in calculating benefits under DIPNC as adjusted for increases in post-disability benefits.

Long-Term Disability Recipients

Approximately 90 to 120 days before you reach the eligibility requirements for an unreduced service retirement benefit, the Retirement System will send you a letter notifying you that you are being converted from long-term disability to service retirement, and explaining what forms you must complete in order to begin receiving your service retirement benefits.

Benefits of Converting

Upon submission of your completed service retirement paperwork to the Retirement System, your monthly service retirement benefit will be established, and you will no longer be subject to medical re-examinations, DIPNC offsets or DIPNC earnings limitations. Also, you will no longer have to submit an annual Statement of Income form. However, you will be subject to the return-to-work laws that apply to retirees who are receiving TSERS service retirement benefits (see Return-to-Work Policies on our website at www.MyNCRetirement.com).

If you were a participant in the UNC Optional Retirement Program, you will receive long-term benefits until you reach the age and service requirements to qualify for an unreduced service retirement had you elected to participate in the Teachers' and State Employees' Retirement System (TSERS). You should apply for retirement in ORP by contacting your previous employer.

Section 13: TSERS Disability Retirement

If you are a disabled TSERS member who has **five or more years of maintained TSERS retirement membership service credit prior to January 1, 1988,** and become disabled, as approved by the Medical Board, you will have the opportunity to elect to receive either:

- DIPNC benefits **or**
- TSERS disability retirement benefits

The Retirement Systems Division will provide you with information to assist you in comparing these benefits.

Disability retirement benefits are based in part on the projected amount of retirement service credit that you would have earned had you been able to continue working until the time you would have reached eligibility for an unreduced service retirement benefit. In addition, if you earned and maintained five or more years of TSERS membership service prior to July 1, 1982, you may be eligible to receive disability retirement benefits, upon approval by the Medical Board, that are based in part on the projected amount of service that you would have earned if you had been able to remain in service until age 65.

If you are eligible for, and you elect to receive, disability retirement benefits, your payment under the Maximum Allowance will be calculated using the same formula as a service retirement benefit, with your creditable service projected as described. Under disability retirement, you may choose any payment option that is available to early/service retirees except Option 4. If you choose a survivorship option, it will be calculated using disability reduction percentages.

Section 14: Administration

- **Administration**

  DIPNC is administered by the TSERS Board of Trustees, whose members are:

  State Treasurer Dale R. Folwell, CPA, Chair
  Lentz Brewer
  John Ebbighausen
  Vernon Gammon
  Dick German
  Barbara Gibson
  Linda Gunter
  Oliver Holley
  Mark Johnson
  Greg Patterson
  Margaret Reader
  Joshua Smith
  Jeffrey Winstead

- **Assets**

  The State Treasurer is the custodian of DIPNC assets and serves as the Chief Investment Officer.

  Equity assets (e.g., common stock, preferred stock and debentures convertible into common stock) are invested in conjunction with policies adopted by the Investment Advisory Committee. Committee members are:

  State Treasurer Dale R. Folwell, CPA, Chair
  John Aneralla
  Lentz Brewer
  Loris Colclough
  David Hartzell
  Michael Mebane
  Greg Patterson

- **Disability Determination**

  The Medical Review Board determines eligibility for disability benefits. Board members are:

  Dr. Robert H. Fleming
  Dr. Robert Gaddy
  Dr. Stephen N. Lang
  Dr. Bobby Sellers
  Dr. Nathaniel L. Sparrow

Section 15: Resources and Contacts

ORBIT

The North Carolina Department of State Treasurer created ORBIT to allow members convenient access to their retirement account information 24 hours a day, seven days a week. This secure site enables you to view your personal information, account information and other relevant details specific to your retirement system account.

To access ORBIT, go to our website at www.MyNCRetirement.com, click on the ORBIT icon and follow the instructions to log in to your personal ORBIT account.

Web-Based Resources

www.MyNCRetirement.com

Visit our website to:

- View and download retirement benefits handbooks
- See DIPNC Frequently Asked Questions

Contact Us

Toll-free 1-877-627-3287 (1-877-NCSECURE)
Fraud and Abuse Hotline 1-855-903-7283
retfraud@nctreasurer.com

Disability Income Plan of North Carolina
Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

Office visits scheduled by appointment only. Please call or email our office to schedule an appointment.

nc.retirement@nctreasurer.com

https://www.facebook.com/MyNCRetirement