

**DISABILITY INCOME PLAN OF
NORTH CAROLINA
BENEFITS HANDBOOK**

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



**Department of State Treasurer
Raleigh, NC
August 2012**



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
RETIREMENT SYSTEMS DIVISION

JANET COWELL
STATE TREASURER

STEVEN C. TOOLE
DIRECTOR



Dear Retirement System member,

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

We understand that your public sector career may have been cut short due to a disabling event, and we want to provide you with the information, support and customer service that you and your family need to make informed decisions.

This handbook is just one of the disability resource materials available to you. I encourage you to review this handbook and visit the Disability 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.

If you still have questions after reviewing this information, please contact the Retirement Systems' Member Services section at 1-877-627-3287 (toll-free) or 919-807-3050 in the Raleigh area.

Sincerely,

A handwritten signature in cursive script that reads "Janet Cowell".

Janet Cowell



1-877-627-3287 Toll-free
919-807-3050 (Raleigh area)



nc.retirement@nctreasurer.com
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Disability Income Plan of North Carolina Benefits

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DISCLAIMER: The availability and amount of all benefits you might be eligible to receive is governed by Retirement System law. The information provided in this handbook cannot alter, modify or otherwise change the controlling Retirement System 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 Retirement System law, Retirement System law governs.

Overview of the Plan



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 Optional Retirement Program (ORP)

and you meet certain eligibility requirements described in this handbook. Your employer pays the cost for you to be covered under DIPNC.

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, you may be eligible for TSERS disability retirement benefits in lieu of DIPNC benefits. ([See page 14.](#))

Definition of Disability

Disability under the Plan is defined as the mental or physical incapacity for the further performance of duty (the usual occupation) of a participant, 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.

Benefits Available under DIPNC

After a required 60-day waiting period ([see page 5](#)), if you meet all eligibility requirements ([see pages 5 and 7](#)), you may be eligible to receive the following types of monthly DIPNC benefits:

Benefit	Length (if you meet all eligibility requirements)
Short-term disability benefits	For up to 365 days after the 60-day waiting period
Extended short-term disability benefits	For 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	<p>After your short-term disability benefits period, if your disability is likely to be permanent, long-term disability benefits may be payable up to the date you would have become eligible for TSERS unreduced service retirement benefits if you had remained in service under TSERS.</p> <p>NOTE: If you had less than five years of TSERS or ORP membership service as of July 31, 2007, after the first 36 months of the long-term disability period, long-term benefits will end unless you receive approval for Social Security disability benefits.</p>

60-Day Waiting Period

Benefits under DIPNC may begin after a mandatory 60-calendar day waiting period. During this waiting period, you may exhaust 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 latter 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 (for example, 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, 2011, and are certified as disabled on December 20, 2011, the waiting period would begin on January 1, 2012)

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

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 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

Effective July 1, 2007, 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 all other requirements are met.

Short-term disability benefits are paid by your employer; therefore, you should contact your employer to apply for benefits. The determination of disability and eligibility for short-term benefits is made by your employer and physician. In disputed cases, either you or your employer may request a determination of disability by the Plan's Medical Board.

Short-Term Benefit Amount

The monthly short-term benefit is equal to 50 percent of one-twelfth of your annual base salary last payable to you prior to the beginning of 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 (see Short-Term Offsets [on page 6](#)).

Example of a Short-Term Disability Benefit

Annual Base Salary = \$36,000

**$50\% \times \$36,000 \div 12 = \$1,500$ per month
(if no offsets apply)**

Any short-term disability benefits paid during the first six months 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 2011, any short-term disability payments made prior to June 30, 2012, would be subject to FICA taxes.

Salary Continuation During the Short-Term Period

In lieu of short-term disability benefits, you may elect to continue to exhaust any accumulated sick leave, vacation leave, or any other salary continuation provided by your employer. Such an election will not extend the 365 days duration of the short-term benefit period. An election to receive salary continuation for any part of a given day is in lieu of any short-term benefit otherwise 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

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 from certain other sources. State law requires the following offsets from your short-term or extended short-term benefits:

DIPNC short-term and extended short-term benefits are reduced by:

- an amount equal to your Workers' Compensation Temporary Total Disability Benefits if based on the same disability as 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
- severance pay as a result of reduction-in-force from the State

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 cease upon a 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.

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 Plan's 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 one-twelfth of the annual base salary last payable to you prior to the beginning of the short-term 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 Offsets [on page 6](#)).

Example of an Extended Short-Term Disability Benefit

Annual Base Salary = \$48,000
 $50\% \times \$48,000 \div 12 = \$2,000$ per month
(if no offsets apply)

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 prior to becoming disabled or the date of completion of continuous 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 Plan's 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 at which a service retirement benefit would be first available to you had you elected to be a TSERS member

NOTE: If you had less than five years of TSERS or ORP membership service as of July 31, 2007, after the first 36 months of the long-term disability period, long-term benefits will end unless you receive approval for Social Security disability benefits.

Long-term disability benefits are paid by the Retirement Systems Division. The determination of disability and eligibility for long-term benefits will be made by the Plan'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.

Waiver of Long-Term Disability Benefits

If you have applied 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 or
- receive a return of accumulated contributions from the Retirement System

This election must be made within 90 days of the date of notification of the approval for long-term disability benefits and prior to your receipt of any long-term disability benefit payments.

Salary Continuation During the Long-Term Period

In lieu of long-term disability benefits, you may elect to exhaust any 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. An election to receive salary continuation for any part of a given day is in lieu of any long-term benefit otherwise 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.

Long-Term Benefit Amount

As long as you are eligible to receive long-term disability benefits, your gross monthly benefit **before any offsets** is equal to 65 percent of one-twelfth of the annual base salary that was last payable to you prior to the beginning of the short-term period, including longevity and local supplements, if any. The monthly maximum long-term benefit payable 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 this page). **These required offsets will cause your DIPNC long-term benefit to be reduced.** The minimum monthly long-term benefit payable is \$10.

Example of a Long-Term Disability Benefit

Annual Base Salary = \$42,000
 $65\% \times \$42,000 \div 12 = \$2,275$ per month
(if no offsets apply)

Long-Term Disability Benefit Offsets

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 from certain other sources. State law requires the following offsets from your long-term benefits:

DIPNC long-term benefits are reduced by:

- an amount equal to your:
 - Workers' Compensation Temporary Total Disability Benefits
 - 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 9](#))
- 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

NOTE:

- If you had *five or more years* of membership service as of July 31, 2007:

After four years from the end of the waiting period, if you are not receiving Social Security benefits, your long-term benefit will be reduced by an amount equal to a hypothetical amount of a Social Security disability benefit to which 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:

After the first 36 months of the long-term disability period, your long-term benefits will end unless you receive approval 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 in the event

Example of a Long-Term Disability Benefit with an Offset

Annual Base Salary = \$42,000
 $65\% \times \$42,000 \div 12 = \$2,275$ per month
(before offset)
-\$1,000 per month Social Security Disability
Benefit offset =
\$1,275 per month long-term disability benefit
(with offset)

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. In this event, the long-term disability benefit shall be restored retroactively to the date the benefit was 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 an equivalent amount. This change is usually made in your January long-term disability benefit.

Earnings During Long-Term Disability

If you accept public or private employment while in receipt of long-term benefits, you will be limited as 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, the Retirement Systems Division will calculate the amount of your overpayment and inform you in writing of your overpayment amount and your repayment options to reimburse 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 following the month in which the earnings were received. Failure to report excess monthly earnings may result in a suspension or termination of benefits.

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 TS-ERS 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 reemployment 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

- the Plan's 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.

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 reexamination is requested by the Medical Board

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 your individual State Health Plan (SHP) coverage under the non-contributory (currently 70/30) plan. If you have less than five years, you may choose to enroll in SHP coverage, but you will have to pay the entire cost of your SHP coverage. In all cases, the full cost of dependent coverage, if elected, must be paid by you.

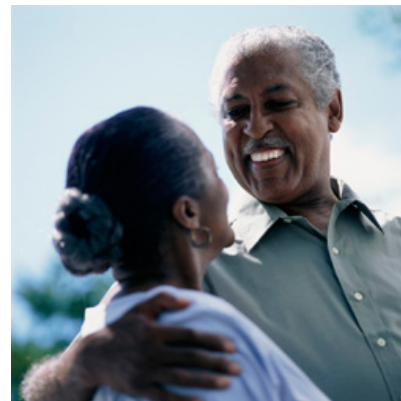
NOTE: As a DIPNC recipient, when you or your covered dependents become eligible for Medicare (either as a Social Security disability benefit recipient or at age 65), you should enroll in both Parts A (Hospital) and B (Medical). If you do not enroll in Part B, the SHP will reduce its amount of reimbursement on your claim by the amount of the benefit that would have been available to you under Medicare Part B (even though not paid by Medicare), and then the SHP will pay the remaining claim amount, if any, under the terms of your SHP coverage. As a result, you will be fully responsible for the amount that would have been paid by Medicare Part B, if you do not enroll in Medicare Part B.

- in most cases, if you return to work as a contributing TSERS or ORP member
- if you did not have five years of service as of July 31, 2007, and were denied or did not get approval for Social Security disability benefits, after the first 36 months of the long-term disability period
- when you become eligible for an unreduced service retirement benefit ([see page 14](#))
- at your death

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.

For additional information, please contact the State Health Plan at 1-888-234-2416 or visit the State Health Plan website at www.shpnc.org.



How to Apply for DIPNC Benefits

You should talk to your employer, review the guides on the applicable disability forms (see below), and submit a complete disability application package (see below) 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. All forms listed below can be found on the [ORBIT website](#).

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 your medical professional complete this form)*
- **Form 7A** - *Medical Report for Eligibility Review (your medical professional completes this form)*

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 your medical professional complete this form)*
- **Form 7A** - *Medical Report for Eligibility Review (your medical professional completes this form)*
- **Form 711** - *Determining and Recording Short-Term Disability Benefits (your employer completes this form)*

Upon receipt of a complete disability application package (see above), 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.

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 below) 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 pre-

liminary long-term benefits, please contact your employer for information since the employer will be paying these benefits. All forms listed below 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*)

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.

Medical Board Reexamination

The frequency of your reexaminations will be determined by the Medical Board depending on your disabling condition. The Retirement Systems Division will send you the reexamination forms and notification 90 days prior to your reexamination date. After 60 days have passed, you will be sent

a final notice, which will inform you of the date that your disability benefit will be suspended if you have not submitted the requested information. Upon suspension, your disability benefit will not be reinstated until you have submitted the requested information and have been re-approved by the Medical Board.

Income Tax

Benefits from the Plan are subject to federal income tax. Benefits paid to employees who have maintained five or more years of service as of August 12, 1989, are not subject to North Carolina income tax. Employees who do not have five years of maintained retirement service credit as

of August 12, 1989, will be required to pay North Carolina income tax on their benefits. For further information regarding the taxation of these benefits, you should contact the Internal Revenue Service, the North Carolina Department of Revenue, your attorney, or your accountant.

Beneficiary Payments If You Die While in Receipt of DIPNC Benefits

Death Benefit

While in receipt of benefits under DIPNC as a TSERS member, you are considered to be in service and covered under the death benefit. The payment is equal to the highest 12 months of salary during the 24 months preceding 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. To be eligible, your death must occur after one year of contributing membership service in the Retirement System.

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, use the Form 2DB and submit it to the Retirement Systems Division for processing. Form 2DB can be found on the [ORBIT website](#).

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, use the Form 2RC and submit it to the Retirement Systems Division for processing. Form 2RC can be found on the [ORBIT website](#).

Survivor's Alternate Benefit (SAB)

Instead of the return of your TSERS retirement contributions, the SAB may be payable if you have one and only one beneficiary eligible 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 (10 years if you became a member on or after August 1, 2011) 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 (10 years if you became a member on or after August 1, 2011) as a law enforcement officer

This beneficiary may choose to receive a monthly SAB for life. 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 SAB equals the same monthly amount you would have been entitled to receive under Option 2 had you retired on the first of the month following your death. If you do not want your beneficiary to have the choice to receive the SAB, you should so indicate, in writing, to the Retirement System. 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), use the Form 2RC and submit it to the Retirement Systems Division for processing.

NOTE: Effective December 1, 2012, it is a Class 1 misdemeanor to fraudulently receive a deceased recipient's DIPNC benefit for two months or longer after the recipient's death.

Converting to a Service Retirement Benefit

While you are receiving DIPNC benefits, if you are a TSERS member, 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 in which creditable service is otherwise earned or credited for the same month 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 the Plan as adjusted for increases in post-disability benefits.

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.

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 reexaminations, 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 Optional Retirement Program, you will receive long-term benefits until the time you would have qualified for an unreduced service retirement allowance from the Retirement System had you not elected to be a participant in the Optional Retirement Program.

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 if you had 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 above. 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.

Please visit our website at www.myncretirement.com for additional information about disability benefits and the required forms.

Administration and Funding

Administration

The Retirement System is administered by the Board of Trustees. The Board members are:

Janet Cowell,
State Treasurer, Chair

Pearla Alston
June Atkinson
Sam Barefoot
Loris R. Colclough
Dennis Ducker
Joyce H. Elliott
Mark L. Foster
Shirley E. Harris
Harold T. Keen
Dr. Harold Martin
Sterling Primus
Randy Sales
Paschal W. Swann

System Assets

The State Treasurer is the custodian of the Plan 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. The Committee members are:

Janet Cowell,
State Treasurer, Chair

Steve Jones
Dr. Harold Martin
Donald L. Tarkenton
Neal F. Triplett
Courtney A. Tuttle

Medical Review Board

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

Dr. George S. Edwards, Sr.
Dr. Robert H. Fleming
Dr. Robert Gaddy
Dr. Bobby Sellers
Dr. Nathaniel L. Sparrow

System Documents

This booklet summarizes the main features of the Disability Income Plan of North Carolina. The official text governing the operations of the Plan and the payment of all benefits is found in Chapter 135 of the North Carolina General Statutes.



How to Contact Us



System Internet Address

www.myncretirement.com

Visit our website to learn more about the benefits that are available to you.

- Review the DIPNC Frequently Asked Questions.
- Download and complete DIPNC forms using ORBIT.

These are some of the options that are currently available to you on our website. Please feel free to visit and use this site whenever it may be of assistance to you.



System Email

nc.retirement@nctreasurer.com



System Address

The address of the Retirement System is:

Teachers' and State Employees'
Retirement System
Department of State Treasurer
Albemarle Building
325 North Salisbury Street
Raleigh, North Carolina 27603-1385



System Telephone Number

1-877-627-3287 (toll free outside of Raleigh area)

919-807-3050 (within local calling distance of Raleigh)

Due to the large volume of calls that are received in the Member Services Section, we recommend that you not call during the following times:

- Mondays
- other days between the hours of noon and 2:00 p.m.
- the day following the mailing of monthly retirement checks

If you believe that the nature of your inquiry will result in a lengthy conversation or will require research by our staff, we recommend that you submit your questions in writing, and we will respond accordingly.

NOTE: The Retirement System provides members who wish to visit our office with one-on-one and group consultations by **appointment only**. Please *call or email our office* to schedule an appointment.

