

Teachers' & State Employees' Retirement System



North Carolina Retirement Systems

Disability Income Plan of North Carolina

Updated 12/2008

DISABILITY INCOME PLAN OF NORTH CAROLINA

Administered by the Teachers'
and State Employees'
Retirement System

Information presented in this presentation is based upon current legislation and is subject to change without notice. This material is to be used for training purposes only. Please contact the Retirement System for guidance or assistance with specific questions.

Topics

- Eligibility
- Establishing the Date of Disability and Dates of Short-Term Period
- Trial Rehabilitation During the Waiting Period
- Eligibility for Health Insurance During Short-Term
- Short-Term Determinations
- Short-Term Disability Forms
- Preliminary Long-Term Disability
- Short-Term Payments, Cost of Living Adjustments (COLA), and Taxes
- Offsets During Short-Term
- Earnable Allowance and Earnings During Short-Term
- Trial Rehabilitation During Short-Term
- Reimbursement to the Employer for Short-term Payments and Health Insurance Premiums
- What's Next?

Eligibility Requirements

- Must have at least one year of contributing membership service in the Retirement System earned within the 36 calendar months preceding the date of disability
- Must be determined to be mentally or physically disabled for the further performance of the usual occupation
- Disability must have been incurred at the time of active employment, exhausting leave, or Temporary Total Workers' Compensation (66 2/3%)
- Disability must have been continuous

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

Types of Service

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

Options for Voluntarily Ceasing Short-Term

- Retirement
 - Member must notify the Employer and complete a Form 6, Claiming Your Monthly Retirement Benefit
 - Employer will pay full month of short-term
- Refund
 - Member must notify the Employer and complete a Form 5
 - Employer pays short-term through date member signs the Form 5
 - Member must terminate employment
- 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.

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 date of disability cannot begin until the member has been employed for 365 days.

The 365 Day Rule

Betty Smith

- Member began employment August 25, 2003
- Member is a 12-month employee
- Member worked August 25, 2003 through July 1, 2004
- Physician certified that the disability occurred on July 1, 2004
- 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, 2004
- The 60 day waiting period begins August 25, 2004

The 365 Day Rule

Suzzie Smith

- Member began employment August 5, 2001
- Member is a 10-month employee (Aug – May)
- Member worked August 5, 2001 through May 10, 2002
- Physician certified that the disability occurred on May 10, 2002
- 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 5, 2002
- The 60 day waiting period begins August 5, 2002

Waiting Period

- A member is not entitled to receive any benefits from the Plan for a period of **60 consecutive** calendar days from the date of disability.
- The **date of disability (60-day waiting period)** begins the later of:
 - the day following the last day the member physically worked,
 - 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, Workers' Compensation, and/or shared leave provided by the Employer.

Waiting Period Trial Rehabilitation

- Trial rehabilitation during the waiting period is defined as a return to service in any capacity within the 60 day waiting period.
- During the waiting period, a member may return to service for trial rehabilitation for periods of not more than five consecutive work days.
- A weekend or holiday does not interrupt the five consecutive 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 five consecutive days.
- A return to service of not more than 5 consecutive 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.

Establishing Date of Disability

- Last day member worked
- Last day member exhausted leave
- Date Physician certified member became disabled
- Number of days of trial rehabilitation, if applicable

Establishing the Date of Disability (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

The 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, 2000 (700)
- Date Physician certified disability:
September 12, 2000 (703)
- Trial rehabilitation: none (700)
- Date of disability: October 14, 2000

Calendar for year 2000 (United States)

Date of Disability
October 14th

October 2000

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	31				

5:☉ 13:☽ 20:☉ 27:☀

18

November 2000

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		

4:☉ 11:☽ 18:☉ 25:☀

30

December 2000

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
31						

4:☉ 11:☽ 18:☉ 25:☀

12

Jack Smith

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

- 60-day waiting period:
October 14, 2000 – December 12, 2000
- First day of short-term disability:
December 13, 2000
- Short-term period:
December 13, 2000 - December 12, 2001

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.

- Date of hire: July 1, 1990
- 12-month contract employee with no break in service
- Establish the last day worked:
December 5, 2003 (700)
- Last day exhausted leave:
February 3, 2004 (700)
- Date physician certified disability:
January 31, 2004 (703)
- Trial rehabilitation: none (700)
- Date of disability: January 31, 2004

Calendar for year 2004 (United States)

Date of Disability
January 31st

January 2004

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	31
7:○	15:◐	21:◑	29:◑			

1

February 2004

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						
6:○	13:◐	20:◑	28:◑			

29

March 2004

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	31			
6:○	13:◐	20:◑	28:◑			

30

Calendar generated on www.timeanddate.com/calendar

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, 2004 – March 30, 2004
- First day of short-term disability:
March 31, 2004
- Short-term period:
March 31, 2004 – March 30, 2005

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, 1989
- 12-month contract employee with no break in service
- Establish the last day worked: July 15, 1999 (700)
- Last day exhausted leave: August 26, 1999 (700)
- Date physician certified disability:
July 19, 1999 (703)
- Trial rehabilitation: 4 days (700)
- Date of disability: July 19, 1999

Calendar for year 1999 (United States)

Date of Disability
July 19th

4 Days of
Trial Rehab
September 20th

July 1999

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	31
6:☉	13:☀	20:☾	28:☽			
13						

August 1999

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	31				
4:☉	11:☀	19:☾	26:☽			
31						

September 1999

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		
2:☉	9:☀	17:☾	25:☽			
16						

Linda Smith

- 60-day waiting period:
July 19, 1999 – September 16, 1999

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 **September 20, 1999.**
- Short-term period:
September 21, 1999 – September 19, 2000

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, 1995
- 10 month contract employee (August to May)
- No break in service
- Establish the last day worked: May 28, 2004
(700) – last day of school
- Date Physician certified disability: June 10, 2004
(703)
- Date of disability: June 10, 2004

Calendar for year 2004 (United States)

Date of Disability
June 10th

June 2004							July 2004							August 2004						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5					1	2	3	1	2	3	4	5	6	7
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14
13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28
27	28	29	30				25	26	27	28	29	30	31	29	30	31				
3:○	9:●	17:●	25:●				2:○	9:●	17:●	25:●	31:○			7:●	16:●	23:●	30:○			

21

31

8

Calendar generated on www.timeanddate.com/calendar

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, 2004 – August 8, 2004
- Short-term period:
August 9, 2004 – August 8, 2005

Important: 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.

Payment of Short-Term Disability Benefits

Benefits are payable after the conclusion of the waiting period and may not exceed 365 calendar days.

Important: 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

Health Insurance

- If a member has 5 or more years of **“contributing”** membership service **as of the date short-term disability payments begin**, the premium for the member’s medical insurance 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 medical insurance by paying the premium.
- The premium may be deducted from the short-term benefit.

Short-Term Disability Determination

- Determination Made by the Employer
- Determination Made by the Medical Board

Determination Made by Employer

- **Form 701** - *Requesting Short-Term Benefits through the Disability Income Plan of North Carolina* - completed by Employer and employee
- **Form 703** – *Medical Report for Eligibility Review of Short-Term Disability Benefits* – completed by employee and Physician – **first/original**
 - The 703 will need to be completed every 30 days to ensure payment to the member.
 - The 703 needs to be provided to the Employer every 30 days to ensure that the disability has remained the same.
 - The Employer cannot pay beyond the date the Physician signs the 703.
 - The Employer can request a 7A from the member.

John S. Smith

- Date of Birth November 1, 1952
- Contract 12-Month
- Date last worked January 16, 2003
- Leave exhausted through March 4, 2003
- Date disability occurred January 20, 2003
- Service as of 1/20/03 11.0000 years
- Leave as of 1/16/03 30 D Vac, 10 D Sick
- 60 day waiting period 1/20/03 – 3/20/03
- Trial rehab None
- Date short-term begins March 21, 2003
- Date short-term ends March 19, 2004

Determination Made by Medical Board

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

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
- **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

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 **does not** exempt the member from having to complete the **Employee Certification** for earnings on the 703 each month.

Preliminary Long-Term

- Preliminary long-term **does not** 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 long-term 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

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
- Subject to a maximum benefit of **\$3,000 per month**
- The benefit is **ALWAYS** calculated using a 30 day month, irregardless of how many days are in the month
- Complete a 711 (*Employer's Calculation Report and Payment Record*) in order to calculate the monthly and daily rate for the member

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

Determining Monthly/Daily Short-Term Rate

John S. Smith

- Short-term: March 21, 2003 – March 19, 2004
- Salary payable to the member prior to the beginning of short-term benefit (711)

Salary (711)	\$26,000.00
Supplement	N/A
Longevity (1.5%)	<u>\$ 390.00</u>
Adjusted Annual Salary	\$26,390.00
Monthly Salary	\$ 2,199.17
Gross Monthly Short-term benefit	\$1099.58
Daily Rate	\$36.65

Calculating the COLA

(Across-the-Board percentage increase granted by General Assembly)

John S. Smith

- Short-term: March 21, 2003 – March 19, 2004
- 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%)	<u>\$ 397.80</u>
Adjusted Annual Salary	\$26,917.80
Monthly Salary	\$ 2,243.15
Gross Monthly Short-term Benefit	\$1121.58
Daily Rate	\$37.39

Calculating the COLA

(Across-the-Board flat rate increase granted by General Assembly)

John S. Smith

- Short-term: March 21, 2003 – March 19, 2004
- 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%)	<u>\$405.00</u>
Adjusted Annual Salary	\$27,913.00
Monthly Salary	\$2326.08
Gross Monthly Short-term Benefit	\$1163.04
Daily Rate	\$38.77

Taxation of Short-Term Payments

- 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 short-term benefit, no matter what amount, is exempt from North Carolina State income tax.

Deduction of Social Security (FICA)

- Six months from the first full month following the member's last day worked, the short-term benefit becomes social security (FICA) tax-exempt for the duration of the short-term period
- If the member last worked on January 16th, the first month the short-term benefit becomes exempt from FICA is August. **(February through July would be six FULL months)**

Deduction of Social Security (FICA)

- If the member last worked on January 16th 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.

Short-Term Offsets

Benefits are reduced by:

- Monthly total temporary Workers' Compensation (WC) payments (66 2/3 %) for the same or related disability 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 awards letter*
- Excess Earnings
 - *Member must provide Employer with copy of check stub detailing earnings*

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, bonus leave, Workers' Compensation, and/or shared leave provided by the employer.
- An election to exhaust leave will not extend the 365 days of the short-term benefit period.
- An election to receive any form of leave for **all or any part of a given day** is in lieu of a short-term benefit payable for that day.
- An election to receive a lump sum payout for vacation, bonus, or sick 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 all other requirements are met.
- 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 **will not** 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 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 short-term benefit will be reduced on a dollar-for-dollar basis.
- The **monthly** earnable cannot exceed \$3,000.

Monthly Earnable Allowance

John S. Smith

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

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

August 2003

Earnings	\$1900.00
Earnable Allowance	-\$1121.57
Overage	\$ 778.43

Original Short-term Benefit	\$1121.58
Overage	-\$ 778.43
Adjusted Short-term Benefit	\$ 343.15

September 2003

Earnings	\$2500.00
Earnable Allowance	-\$1121.57
Overage	\$1378.43

Original Short-term Benefit	\$1121.58
Overage	-\$1378.43
Adjusted Short-term Benefit	\$ 0

October 2003

Earnings	\$1125.00
Earnable Allowance	-\$1121.57
Overage	\$ 3.43

Original Short-term Benefit	\$1121.58
Overage	-\$ 3.43
Adjusted Short-term Benefit	\$1118.15

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, i.e. 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**)
- If the member returns to service for trial rehabilitation, for **40** consecutive working days or less, the current short-term period will continue.
- Any trial rehabilitation of **40** consecutive workdays or less will not extend the short-term disability period.

Short-Term Period Trial Rehabilitation

(More than 40 continuous days)

- If the member returns to service for trial rehabilitation, for more than **40** consecutive 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 consecutive 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.
- 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.

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)
- If short-term disability payments do not extend into the second six month period, no reimbursement will be made to employer – non-contributory service credits may 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

John S. Smith

- **Establish Short-Term Dates**

- Member last worked: January 16, 2003
- Physician certified date: January 20, 2003
- Member last exhausted leave:
March 4, 2003
- Date of disability: January 20, 2003
- 60-day waiting period:
January 20, 2003 – March 20, 2003
- Short-term dates:
March 21, 2003 - March 19, 2004

First Six-Month Period

- March 21 – April 20, 2003 (1st)
- April 21 – May 20, 2003 (2nd)
- May 21 – June 20, 2003 (3rd)
- June 21 – July 20, 2003 (4th)
- July 21- August 20, 2003 (5th)
- August 21 – September 20, 2003 (6th)

Second Six-Month Period

(Eligible for Reimbursement)

- September 21 – October 20, 2003 (1st)
- October 21 – November 20, 2003 (2nd)
- November 21 – December 20, 2003 (3rd)
- December 21 – January 20, 2004 (4th)
- January 21 - February 20, 2004 (5th)
- February 21 – March 19, 2004 (6th)

John S. Smith

- **Establish Dates of First and Second Six-Month Periods**
 - First six-month period:
March 21, 2003 through September 20, 2003
 - Second six-month period:
September 21, 2003 through March 19, 2004
- **Establish Reimbursement Dates**
 - Second six-month period only:
September 21, 2003 through March 19, 2004

John S. Smith

- **Establish Reimbursement Amount**

- First day of second six-month period (9/21/03)
- There are 20 days in September 2003 that are not eligible to be reimbursed. These days are part of the first six-month period.
- Multiply the 20 not reimbursed by the daily rate:
 $\$37.39 (711) \times 20 = \747.80
- Subtract the amount not owed to the Employer from a full benefit: \$1121.58

$$\begin{array}{r} \underline{-\$747.80} \\ \$373.78 \end{array}$$

John S. Smith

- **Establish Reimbursement Amount (cont'd)**
 - First month (September) of the second six-month period = \$373.78
 - Full months of the second six month period
October through February
($\$1121.58 \times 5 = \$5,607.90$)
 - Partial month of the reimbursement
19 days in March 2004 due the Employer
($19 \times \$37.39 = \710.41)
 - Total Reimbursement Due {Listed on 714}
($\$373.78 + \$5,607.90 + \$710.41 = \$6,692.09$)

Health Insurance Reimbursement

(Disability lasts 365 days)

- Employer may request reimbursement of the health insurance premiums paid during the second six months of the short-term period.
- It is not necessary to prorate any portion of the health insurance 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 Insurance Reimbursement

(Disability lasts 365 days)

Exception

Seven months of premium may be reimbursed if the member:

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

Health Insurance 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 (i.e. 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 last day** of a calendar month, we will calculate the reimbursement for premium paid the following month (i.e. second six months begins March 16, we will reimburse the May premium which was paid in April).

Health Insurance Reimbursement

(Disability lasts less than 365 days)

Member returns to work on Jan 25, 2004
(The health insurance premium is paid one month in advance)

Short-term dates:

March 21, 2003 - March 19, 2004

➤ First six-month period:

March 21, 2003 through September 20, 2003

➤ Second six-month period:

September 21, 2003 through March 19, 2004

➤ Reimbursement will be made to the employer to cover the time period from September 21, 2003 – January 25, 2004

➤ The reimbursement will be for premium paid
October - January

Health Insurance Reimbursement

(Disability lasts less than 365 days)

- Second six months began September 21, 2003.
- The first eligible premium for reimbursement is November (paid in October)
- Member returns to work January 25, 2004
- The last eligible premium for reimbursement is February (paid in January).

Insurance paid	Coverage Month
October	November
November	December
December	January
January	February

Health Insurance Reimbursement

(Disability lasts less than 365 days)

Member returns to work on Jan 10, 2004
(The health insurance premium is paid one month in advance)

Short-term dates:

March 21, 2003 - March 19, 2004

➤ First six-month period:

March 21, 2003 through September 20, 2003

➤ Second six-month period:

September 21, 2003 through March 19, 2004

➤ Reimbursement will be made to the employer to cover the time period from September 21, 2003 – January 10, 2004

➤ The reimbursement will be for premium paid
October - December

Health Insurance Reimbursement

(Disability lasts less than 365 days)

- Second six months began September 21, 2003.
- The first eligible premium for reimbursement is November (paid in October)
- Member returns to work January 10, 2004
- The last eligible premium for reimbursement is January (paid in December 2003).

Insurance 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, i.e. 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.

What's Next?

- Extended Short-Term Disability
- Long-Term Disability
- State Disability Plan
(Faulkenbury Class Action Lawsuit)

Please refer to the Employer Manual for details regarding each specific disability plan

Extended Short-term Disability

The member should apply 90 days before the short-term ends, if eligible.

- Extended short-term disability is an 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.
- The Disability Income Plan (Retirement System) pays this benefit directly to the member.

Long-Term Disability

Eligible members should apply 90 days before the end of the short-term or extended short-term period, if the member has been diagnosed as having a permanent disability.

- Approved by the Medical Board
- 65% of the member's base salary payable until the member is eligible for an unreduced retirement benefit (provided member remains disabled)
- Must make application within 180 days after the conclusion of short-term, extended short-term, and/or the conclusion of full temporary Workers' Compensation
- Cannot apply for long-term disability once 180 days have expired
- Disability Income Plan of N.C. (Retirement System) pays this benefit directly to the member

Long-Term Disability/ 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

Must be submitted in one complete package

Death Benefit

The death benefit is payable while the member is in receipt of extended short-term and/or long-term disability.

State Disability Plan

- A member who has five or more years in the Teachers' and State Employees' Retirement System as of **January 1, 1988** is eligible to apply for the State Disability Plan.
- When an eligible member files for long-term disability 90 days before the end of short-term disability **and** the Medical Board approves the member for long-term disability, the Retirement System will prepare a comparison of the long-term benefit and the State Disability Plan.
- The member may also apply at the onset of their disability, in lieu of filing for short-term disability, provided member has not received any short-term payments.

State Disability Plan

- **Form 7** – *Requesting Disability Retirement Benefits* - completed by Employer and employee
- **Form 7A** – *Medical Report for Disability Eligibility Review* completed by the Physician **current (within six months)**
- **Job Description** - copy supplied by the Employer
- **Proof of Birth** – member and beneficiary

Must be submitted in one complete package

Please see the Employer Manual for more details on the State Disability Plan

State Disability Plan

Death Benefit

If the member applies and is approved for the State Disability Plan, the death benefit is not payable after 180 days from the member's last day worked or last day of leave exhaustion.

Internet Member Services

www.myncretirement.com

- Download and view “Your Retirement Benefits” handbook
- Review frequently asked questions
- Estimate monthly retirement benefits
- Estimate of cost to purchase service
- Download and complete applications and forms used by the Retirement System

Retirement Systems Division

Retirees:

Local: 733 4191

Toll Free: (877) 733-4191

Active:

Local: 807-3050

**Toll Free: (877) NCSECURE
(877) 627-3287**

Web address: www.myncretirement.com

E-Mail: nc.retirement@nctreasurer.com

Fax: (919) 508-5350