

NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

GROUP RETIREMENT PLAN

DISABILITY RETIREMENT BENEFITS

Effective July 1, 2009 – June 30, 2011

(Rev. 07-09)

NDPERS
400 E. Broadway, Suite 505
P.O. Box 1657
Bismarck, ND 58502-1657
1-800-803-7377
(701) 328-3900
www.nd.gov/ndpers

This pamphlet briefly explains NDPERS monthly Disability Benefits and Insurance. Please refer to the NDPERS “Disability Kit SFN 53726” for complete details. You may obtain the “Disability Kit SFN 53726” from our website or by calling the NDPERS office.

Statements in this pamphlet are superseded by changes to or interpretation of North Dakota law.

DISABILITY RETIREMENT BENEFITS

The disability benefit is funded by your employer’s contributions. The Plan provides a monthly benefit payment to eligible participants who are unable to engage in substantial gainful employment for an extended period of time.

WHO IS COVERED UNDER THE DISABILITY BENEFIT PLAN

All participating members of the NDPERS who have accumulated six (6) months of eligible service are covered under the long term disability plan.

ELIGIBILITY

To be eligible for NDPERS disability retirement benefits the following must apply:

- ❖ Your disability must have occurred during a period of eligible employment.
- ❖ You must be unable to engage in any substantial gainful activity due to a medically determinable physical or mental impairment expected to result in death or which will or has lasted for a continuous period of not less than 12 (twelve) months.
- ❖ You must submit a “Disability Retirement Kit SFN 53726” to the NDPERS office within 12 (twelve) months of termination of employment due to disability.

You must be determined to be disabled by the NDPERS’ medical advisor, who is responsible for making disability eligibility determinations for the Board. In lieu of a review by the NDPERS’ medical advisor, a member who qualifies for Social Security Disability benefits and submits a “Disability Retirement Kit SFN 53726” with a copy of the Social Security Notice of Award, may be deemed eligible for NDPERS disability benefits without requiring a

- ❖ determination from the medical advisor. The Social Security Notice of Award must provide proof that the member's disability was determined during his/her period of eligible employment. Eligibility for disability benefits will be subject to ongoing recertification requirements as specified by the NDPERS' medical advisor.

If the medical advisor determines that you are totally and permanently disabled according to the Plan, your benefit is payable retroactive to the first of the month following your date of termination*.

**To be eligible for disability benefits, you must terminate employment and be off of covered payroll a minimum of 31 days. A leave of absence or reduction in hours is not considered a termination of employment.*

WHAT IS THE BENEFIT AMOUNT?

Your disability retirement benefit is computed at 25% of your final average salary. The minimum basic disability benefit is \$100.00 per month. Final average salary is the average of your highest 36 of the last 120 months you worked.

HOW TO APPLY FOR DISABILITY BENEFITS

You may submit a "NDPERS Disability Retirement Kit SFN 53726" up to four (4) months prior to your date of termination. However, **you must submit an application to NDPERS within 12 months of your termination date.** You may obtain a "NDPERS Disability Retirement Kit SFN 53726" from your payroll office, the NDPERS office, or the NDPERS Website.

The application for disability benefits is divided into three parts and must be completed by your employer, yourself, your immediate supervisor and your physician. The completed forms must be returned to the NDPERS office. The forms are then forwarded by NDPERS to the medical consultant for a determination. The processing is an average of 45 days.

If you are at least 55 years of age and have a minimum of thirty-six (36) months of service credit, you may also apply for early retirement benefits. This will allow NDPERS to pay you under Early Retirement provisions while your disability application is being processed. To apply for early retirement benefits, you must complete a "**NDPERS Retirement Kit SFN 53723**".

In the event a member who is applying for disability benefits passes away prior to receiving benefits, the provisions covering "death benefits" will apply.

You may obtain an estimate of your disability/retirement benefits by calling the NDPERS office.

COORDINATION WITH OTHER DISABILITY PLANS

Your NDPERS disability benefit payment will not be reduced by any other benefits you may be receiving as a result of your disability.

DISABILITY RETIREMENT PAYMENT OPTIONS

There are several different payment options to choose from under disability retirement. These payment options differ in how they pay your beneficiary in the event of your death, and in the actuarial reduction necessary to provide these benefits to your beneficiary.

SINGLE LIFE DISABILITY BENEFIT: This amount is payable to you for as long as you are disabled. Under this option there is no monthly income provision for your beneficiary. If you should die while receiving disability benefits, your beneficiary will get a lump sum payment of the amount in your member account.

50% JOINT AND SURVIVOR: This amount is payable to you for as long as you are disabled, but is actuarially reduced upon your age and the age of your spouse. In the event of your death, your spouse will receive 50% of your monthly disability benefit amount for the rest of his/her life. If your spouse dies first, your benefit will be adjusted back to the single life disability amount upon written notification and a photocopy of your spouse's "Certificate of Death".

100% JOINT AND SURVIVOR: This amount is payable to you for as long as you are disabled, but is actuarially reduced based upon your age and the age of your spouse. In the event of your death, your spouse will receive 100% - - the same amount as you were receiving prior to death - - of your monthly disability benefit amount for the rest of his/her life. If your spouse dies first, your benefit will be adjusted back to the single life disability amount upon written notification and a photocopy of your spouse's "Certificate of Death".

TWENTY (20) YEAR TERM CERTAIN: This amount is reduced based upon actuarial factors, and is payable to you for as long as you are disabled. If you should die within the first twenty years of your disability retirement, your beneficiary will receive a monthly payment for the remainder of the term, and a lump sum payment of the balance of the account, if any, is made at the end of the term. If payment to you has been longer than the guaranteed term, your beneficiary will only receive the account balance, if a balance remains.

TEN (10) YEAR TERM CERTAIN: This amount is reduced based upon actuarial factors, and is payable to you for as long as you are disabled. If you should die within the first ten years of your disability retirement, your beneficiary will receive a monthly payment for the remainder of the term and a lump sum payment of the balance, if any, of the account is made at the end of the term. If payment to you has been longer than the term, your beneficiary may only receive the account balance, if a balance remains.

RETIREE INSURANCE COVERAGE

The NDPERS Health, Dental, Vision, and Long-Term Care insurance plans are available to you even if your employer did not participate in these NDPERS Plans prior to your retirement. You may enroll in the above insurance if you do so within 31 days of retirement or during the eligible qualifying events.

RETIREE HEALTH INSURANCE CREDIT

The Retiree Health Insurance Credit Program offers you a credit which reduces your health insurance premiums upon disability retirement. This credit can only be used if you choose to participate in the NDPERS Dakota Plan and are drawing a NDPERS monthly disability benefit.

You receive \$5.00 for every year of retirement service credit. Your credit will be applied automatically when you draw disability benefits and participate in the Dakota Plan.

Under the **Standard Option**, upon your death, your retiree health insurance credit will be transferred to your surviving spouse if your surviving spouse receives a monthly payment from NDPERS and participates in the Dakota Plan. He or she can use the health insurance credit for as long as the benefit payments continue.

Under the **Alternate Health Credit Option**, if you are married and choose a Single Life, or Twenty/Ten Year Term Certain disability benefit, you now have the opportunity to elect an alternate form of retiree health insurance credit. You may now choose an actuarially reduced 50% or 100% Joint & Survivor retiree health credit option that applies only to the health credit portion of your disability benefits. The alternate option is actuarially reduced based upon your age and the age of your spouse. If you elect an alternate health credit option, upon your death, your surviving spouse will receive a health insurance credit amount, if covered by the NDPERS health insurance plan, for the spouse's lifetime.

Effective August 1, 2007, spouses, who each have retiree health insurance credit, may authorize NDPERS to combine their respective credits and apply to the required monthly premium.

NDPERS LIFE INSURANCE

If you participate in the NDPERS group life insurance plan as an active employee, you may continue your basic and employee supplemental life insurance coverage. To be eligible to continue your coverage, you must be under age 60, receiving a monthly disability benefit from NDPERS, and apply for a "waiver of premium" within one year from the date total disability begins. If you do not apply for a waiver of premium, only the \$1,300 of basic life coverage may be continued and will be at your own expense.

To apply for a waiver, you and your employer must complete and file a "Prudential Group Life Claim for Total Disability Benefits." Your physician must complete a "Prudential Attending Physician's Statement." The completed forms must be returned to NDPERS who will forward them to Life Insurance Company.

You will be notified in writing whether or not the waiver is approved. If approved, the premium is waived for the amount of life insurance you had on the day total disability began and your coverage will be continued until age 65. After age 65, you can elect to continue your \$1,300 of basic coverage at your own expense.

You or your insured dependant may convert to an individual life insurance policy if any part of your or your insured dependents life insurance under the group policy stops. Contact NDPERS for conversion or waiver information.

DENIAL OF BENEFITS – REVIEW PROCEDURE

If you receive written notice that your application for disability retirement has been denied, you may request a review of the decision. A written request for review must be received in the NDPERS office within 60 days of receiving a denial notice. You will be notified of the time and date of the appeal hearing and may attend and/or be represented by legal counsel. The appeal discussion is confidential and closed to the general public.

If the Board's decision is to uphold the recommendation of the medical advisor, the applicant may file a request for a formal hearing to be conducted before an administrative law judge.

RECERTIFICATION OF DISABILITY STATUS

Your eligibility to continue to receive disability benefits must be recertified 18 months after the date your first check is issued, if the medical consultant deems recertification is necessary.

Four (4) months prior to the 18 month payment anniversary date, you will receive an "Application for Recertification of Disability Benefits" and a "Attending Physician's Statement". These two forms are to be completed and returned to NDPERS.

Also as a part of the Recertification Process, you will be required to document any employment. (See Return to Work Provisions).

If it is determined that you were not eligible for benefits during any time period when benefits were provided, the executive director may do all things necessary to recover the erroneously paid benefits.

TAXES AND YOUR BENEFIT PAYMENT

The NDPERS disability benefit is provided by your employer's contributions to the retirement system and is therefore 100% taxable before age 65. You may elect to have both federal and ND state income tax withheld from your disability payment. You will receive a 1099R tax statement at the end of each year, reporting the taxable income and any federal and/or ND income taxes withheld.

At age 65, your benefit is considered a retirement for income tax purposes. A portion of your monthly benefit maybe non-taxable, based upon your contributions to your member account balance. An exclusion ratio will be computed to determine your non-taxable portion, if any.

According to IRS Regulation Section 1.72-15(c)(2), your member account balance will not be reduced before age 65. At age 65, your member account balance is reduced by the monthly benefit payments you receive.

RETURN TO WORK PROVISIONS

If you return to work in a permanent full-time position and are eligible to participate in NDPERS, your disability benefits must be suspended. If you are not able to continue employment for a consecutive period of time resulting in nine (9) months of service credit as a result of the disability and continue to meet the eligibility requirements under the plan, you may resume disability.

If you return to substantial gainful activity in employment not covered under NDPERS, your disability benefit may continue for up to nine (9) consecutive months. If you are not able to continue employment for at least nine (9) months as a result of the disability and continue to meet the eligibility requirements under the plan, you may continue disability status.