NORTH DAKOTA

PUBLIC EMPLOYEES

RETIREMENT SYSTEM

**DEFINED BENEFIT RETIREMENT PLAN**

**Your Disability Retirement Benefits At a Glance**

**HIGHWAY PATROL & JUDGES**

**Benefit Amount**

**Cost of Living Adjustments**

**Disability Retirement Payment Options**

**Converting Sick Leave**

**Retiree Insurance Coverage**

**NDPERS Life Insurance**

**Direct Deposit**

**Return to Work Provisions**

**Member Self Service**

*Effective July 1, 2015 – June 30, 2017*



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](http://www.nd.gov/ndpers)

This publication is intended to provide general information and may not be considered to be a legal interpretation of retirement law. Statements contained in this handbook do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board

APP-7102 (07-2015)

**GETTING STARTED**

You should start the application process at least four (4) months prior to, and no later than twelve (12) months from, your termination date. All information regarding your options and benefits is contained in the ‘NDPERS Disability Retirement Kit’ which can be obtained from your employer, by calling the NDPERS office, or from our website at www.nd.gov/ndpers.

The application for disability benefits must be completed by your employer, yourself, and your physician. NDPERS has its own medical consultant that makes the determination regarding your eligibility for disability retirement. The processing takes an average of 45 days.

If you qualify for early retirement, you may also apply this retirement benefit. 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**”.

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.

**ELIGIBILITY**

You are eligible for disability benefits after you have 6 (six) months of service credit in NDPERS and you are covered under the plan’s disability retirement program. You must terminate employment and be off of covered payroll a minimum of 31 days. A leave of absence, reduction in hours, or transfer to another participating employer is not considered a termination of employment. In addition, the following 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 at least 12 (twelve) months.
* You must submit a “Disability Retirement Kit” 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” with a copy of the Social Security Notice of Award maybe 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.

**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.
* Also as a part of the Recertification Process, you will be required to document any employment you may have been engaged in during the interim (see Return to Work section).
* 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.

**DENIAL OF BENEFITS**

* If you receive written notice that your application 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.
* If the Board’s decision is to uphold the recommendation of the medical advisor, you may file a request for a formal hearing before an administrative law judge.

**BENEFIT AMOUNT**

Your disability retirement benefit is computed at 70% of your final average salary. Final average salary is the average of your highest 36 of the last 180 months you worked. Your disability retirement benefit will be offset by any Social Security and/or Work Force Safety & Insurance payments.

**COST OF LIVING ADJUSTMENTS**

The NDPERS defined benefit plan does not provide for an automatic annual cost of living adjustment (COLA). Therefore, as you plan for your retirement you need to consider that your NDPERS benefit is fixed and, based upon the existing plan provisions, will not increase to offset the effects of inflation. Participating in a supplemental retirement savings plan is important as a proactive approach to augmenting your retirement income in order to ensure a secure financial future.

**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.

**Normal Benefit:** This amount is payable to you for as long as you are disabled. If you are married at the time of your death, your surviving spouse will continue to receive one-half of your monthly disability benefits for as long as your spouse lives. If you are single, there is no monthly income provision for your beneficiary under this option. However, if you should die while receiving benefits, your beneficiary will get a lump sum payment of the remaining amount in your member account, if any.

**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”.

**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 then the term, your beneficiary may only receive the account balance, if a balance remains.

**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. **(This option is not available to member age 79 and over.)**

**CONVERTING SICK LEAVE**

At termination, you may purchase all or part of your sick leave to receive retirement service credit. This option is available to members of the Main, National Guard, Law Enforcement, and Highway Patrol systems. One month of service credit may be converted for each 173.3 hours of unused sick leave.

The payment amount is calculated by NDPERS, after your termination. The cost is determined by taking the required contribution rate of your final average salary times the number of months being converted. Payment can be made on an after-tax basis by personal check or a pre-tax basis if you do a direct rollover/transfer of eligible funds.

**RETIREE INSURANCE COVERAGE**

If at the time of retirement you are enrolled in the NDPERS health, dental, vision, or long term care insurance plans, you are eligible to continue your coverage. If not, you maybe eligible to enroll even if your employer did not participate in these plans at the time of your retirement. You must enroll within 31 days of the effective date of your retirement date or an applicable qualifying event.

**RETIREE HEALTH INSURANCE CREDIT**

The Retiree Health Insurance Credit Program offers you a credit to receive reimbursement of premiums you pay for upon retirement. This credit can only be used if you are drawing a monthly NDPERS benefit payment. Your RHIC may be used for any health and/or prescription drug coverage, as well as for the NDPERS dental, vision, and long term care coverage.

You receive $5.00 for every year of retirement service credit. Your retiree health insurance credit will not be reduced if you are age 65, meet the rule of 85, or are receiving NDPERS Disability retirement benefits. Your credit will be applied automatically when you retire and are enrolled in the NDPERS health plan. There are two options available to for this benefit:

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.

Spouses who each have retiree health insurance credit may authorize NDPERS to combine their respective credits to offset the monthly health premium. You and your spouse will need to complete the Request to Combine Retiree Health Insurance Credit – SFN 58591.

**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, you are eligible to continue the $1300 basic coverage, your supplemental life, dependent life, and spouse supplemental insurance until age 65. At age 65, you are eligible to continue the $1,300 basic coverage for life (cost = $4.32). However, to continue any other levels of coverage, you will be given the opportunity to convert to an individual life policy.

To apply for a waiver, you and your employer must complete and file a “Group Life Claim for Total Disability Benefits.” Your physician must complete a “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. In order for you to continue your life insurance after age 65, you may purchase any individual nonparticipating policy offered by the Life Insurance Company, except term insurance.

You or your insured dependent may convert to an individual life insurance policy if any part of your or your insured dependents life insurance under the group policy stops.

**TAXES WITHHOLDING**

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.

**DIRECT DEPOSIT**

After receiving your first check, it is NDPERS policy that your monthly payment be direct deposited to your checking or savings account. Deposits are made the first working day of each month.

**RETURN TO WORK AFTER RETIREMENT**

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.

**MEMBER SELF SERVICE (MSS)**

Once you receive your first payment, you will have the ability to access your NDPERS payee account(s) through NDPERS Member Self Service. The instructions to log in to Member Self Service can be found on the NDPERS web site at www.nd.gov/ndpers. You will need a ND Login ID and password along with your NDPERS Member ID and date of birth. Your NDPERS Member ID is printed in the upper right hand corner on the first page of this letter.

We are offering through MSS the ability to view:

1. Your retirement payment(s) and related details,
2. Insurance coverage(s) and related details,
3. 1099R tax information, when available

We also offer you the capability to do direct on-line updates and requests for:

1. Address changes
2. Federal & ND State income withholding elections
3. Spouse or Designated contact information
4. Scheduling an Appointment
5. Submitting questions to NDPERS
6. Reporting a death of a spouse or a covered insurance dependent