

Other Benefits Policy

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§ 1. Supplemental Retirement Plans

The State offers three Supplemental Retirement Plans, on a voluntary basis, to provide a way for an employee to save money for retirement and supplement state retirement benefits. Employees can make contributions through payroll deductions on either a pretax or Roth basis.

In accordance with the Internal Revenue Code, these plans have annual maximum contribution limits and, in some cases, contributions to one plan may affect contribution limits to another plan (i.e., 401(k) and 403(b) plans). An employee should consult Prudential Retirement Services (<https://bit.ly/2Gzeox2>) for more information about maximum contribution limits and coordination of plans.

§ 2. Supplemental Retirement Income Plan of North Carolina (NC 401(k) Plan) and North Carolina Public Employee Deferred Compensation Plan (NC 457 Plan)

The NC 401(k) Plan and NC 457 Plan are sponsored by the State of North Carolina and governed by the Department of State Treasurer and the Supplemental Retirement Board of Trustees. The plans offer a diversified selection of investment options (<https://bit.ly/2S8qnD7>) all of which receive strong, trusted oversight with respect to fees and fund performance. For more information on these plans and their features, consult <http://ncplans.prudential.com>.

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§ 3. North Carolina Public School Teachers' and Professional Educators' Investment Plan 403(b) (NC 403(b) Program)

The NC 403(b) Program is a statewide voluntary 403(b) retirement program designed for public school and community college faculty and staff members. Participating school districts and community colleges may offer the NC 403(b) Program alongside their current 403(b) offerings, or as a sole option. This program is administered and governed by the Department of State Treasurer and the Supplemental Retirement Board of Trustees.

The NC 403(b) Program offers a diversified selection of investment options (<https://bit.ly/2S8qnD7>) all of which receive strong, trusted oversight with respect to fees and fund performance. For more information on this program's features and benefits, consult <http://ncplans.prudential.com>.

§ 4. Disability Income Plan of North Carolina

Eligible employees who become temporarily or permanently disabled and are unable to perform their regular work duties may receive partial replacement income through the Disability Income Plan of North Carolina (the Plan).

Employees are eligible if they:

- are permanent and work at least 30 hours per week for nine months of the year; and
- participate as a member of the Teachers' and State Employees' Retirement System for at least one year during the 36 months preceding the disability

There is a 60-day waiting period before benefits become payable by the plan. During this period, accumulated sick or vacation leave may be used.

The Department of the State Treasurer, Retirement Systems Division, has published a handbook detailing the benefits available under the plan. The handbook is available at:

https://www.nctreasurer.com/ret/Benefits%20Handbooks/TSERS_DisabilityHandbook.pdf

or by contacting the State Retirement Systems Division at:

1-877-NCSECURE (1-877627-3298).

§ 4.1. Short-Term Disability

Eligible employees may receive a monthly short-term benefit equal to:

- fifty percent (50%) of their monthly salary, plus

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- fifty percent (50%) of their annual longevity.

Monthly benefits during the short-term period cannot exceed \$3,000. This monthly benefit is reduced by any workers' compensation benefit received. Short-term benefits are available for up to one year and may be extended for up to one additional year if the disability is temporary and is likely to end within that additional year.

§ 4.2. Long-Term Disability

Long-term benefits are payable after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later. In order to qualify for long-term disability benefits, an employee must have at least five years of membership service with the Retirement System during the ninety-six months preceding the conclusion of the short-term disability period.

During the first three years of long-term disability, eligible employees may receive a monthly long-term benefit equal to:

- sixty-five percent (65%) of monthly salary, plus
- sixty-five percent (65%) of annual longevity pay

Monthly benefits during the long-term period cannot exceed \$3,900. This amount is reduced by any Workers' Compensation (excluding permanent partial Workers' Compensation awards); any primary Social Security benefits, regardless of whether the employee elects to receive such benefits; and further reduced by any monthly payments from the federal Veteran's Administration, any other federal agency, or payments made under the provisions of General Statute 127A-108 to which the employee may be entitled if these payments are based on the same disability for which the employee is receiving plan benefits. However, the benefit will be no less than \$10 a month.

After the first 36 months of the long-term disability period, the benefit is reduced by an amount equal to the primary Social Security benefit the member would be entitled had he or she been awarded Social Security disability benefits. Long-term benefits are payable to eligible employees until they become eligible to receive an unreduced service retirement under the North Carolina Teachers' and State Employees' Retirement System.

NOTE: If you had less than five (5) years of TSERS or ORP membership service as of July 31, 2007, your long-term benefits will end after you have received thirty-six (36) long-term disability

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benefit payments. If, however, you are approved for Social Security disability benefits, your DIPNC long-term disability coverage will continue.

§ 5. State Health Plan

A permanent state employee working at least 30 hours per week, may enroll in the State Health Plan. State employees working 20 or more hours, but less than 30 hours per week, may enroll, but must pay for the full cost of coverage.

The state pays for the majority of this benefit, with employees subsidizing the coverage for any dependents they choose to add to the plan. State agencies contribute nearly \$500 to the health benefit of each permanent employee each month.

The State Health Plan offers two Preferred Provider Organization or PPO health plans administered by Blue Cross and Blue Shield of North Carolina. They are the 80/20 Plan and the 70/30 Plan.

For employee-only coverage, employees pay \$25 on the 70/30 Plan, and \$50 on the 80/20 Plan each month, if they complete a tobacco attestation, plus any dependent premiums, if they choose to cover dependents.

New employees must enroll themselves and any dependents within thirty (30) days of employment.

If an employee is no longer eligible for coverage, coverage for themselves and any dependents will end the last day of the month in which an ineligibility event occurs.

Employees may be eligible for continuation coverage under COBRA.

More information is available on the State Health Plan's website at:

www.shpnc.org or by contacting the agency Health Benefits Representative or Human Resources Department.

§ 6. Legal Defense

State employees may be provided legal defense for any civil or criminal action or proceeding against them because of an act done or an omission made in the scope of their employment as a State employee. According to the provisions of the law, the Attorney General has the authority to determine whether the State will provide defense for the employee.

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§ 7. Retirement System

The Teachers' and State Employees' Retirement System was created by the North Carolina General Assembly in 1941 and was established to provide retirement benefits for teachers and State employees in North Carolina. An employee with a permanent, probationary, time-limited or trainee appointment, who works at least thirty hours per week for nine months of the year, is automatically a member of the State Retirement System.

Employer and employee contribution percentages are established by the North Carolina General Assembly. The employee's current share of the cost is six percent of salary and is automatically deducted from the employee's paycheck on a before-tax basis.

An employee can retire with unreduced monthly benefits:

- At age 65 upon completion of five years of membership service in the Retirement System,
- At age 60 upon completion of 25 years of creditable service, or
- With 30 years of creditable service at any age.

An employee can retire with reduced monthly benefits:

- At age 50 upon completion of 20 years of creditable service, or
- At age 60 upon completion of five years of membership service.

Law Enforcement Officers can retire with:

- Unreduced benefits at age 55 with five or more years of creditable service as an officer or after 30 years of creditable service, at any age.
- Reduced benefits at age 50 with 15 years of creditable service as an officer.
- The General Assembly passed legislation in 2018 allowing state and local government agencies to offer separation buyouts to law enforcement officers who leave employment before reaching eligibility for the special separation allowance. Please refer to the appropriate law enforcement benefit handbook for details, which can be found at <https://bit.ly/1dpJMEo>.

Retirement benefits are fully vested after a member completes five years of membership service. Vesting means ownership of benefit in the assets held in your retirement account. Vesting does not mean that a member has immediate access to these assets, but merely that a member will not forfeit them upon termination of employment.

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If a member leaves state employment before completing five years of membership service, he or she may:

- Request a refund of only the employee contributions, with such amount subject to any income taxes and early withdrawal penalties, unless the member requests a trustee-to-trustee transfer (direct rollover) of the refund to an IRA or another qualified plan that will accept the transfer, or
- Leave the contributions in the Retirement System in anticipation of a return to State service in the future.

A vested employee who terminates employment may elect to leave his or her contributions with the Retirement System and receive a retirement benefit starting at age 50 with at least 20 years of creditable service or, otherwise, at age 60.

§ 8. Death Benefit

If an employee should die while in active service while being paid salary (or within 180 days of the last day for which the employee is paid salary), after one year as a contributing member, the beneficiary will receive a single lump sum payment. The payment equals the highest consecutive 12 months' salary during the 24 months before the member's death, but no less than \$25,000 and no more than \$50,000.

The Department of the State Treasurer, Retirement Systems Division, publishes a handbook detailing retirement benefits. The book, "Your Retirement Benefits" is available via the Retirement Systems Division web site or through the agency benefits representative.

<https://www.nctreasurer.com/Retirement-and-Savings/Managing-MyRetirement/Pages/Benefits-Handbooks.aspx>

§ 9. Social Security

Social Security is a program of Old Age, Survivor, Disability and Health Insurance benefits. The employee and the agency/university contribute the same amount of taxes each month (based on the employee's earnings) for Social Security (FICA) and Medicare up to a maximum taxable amount established by federal law. For more information, contact the local Social Security office or visit the website at:

<http://www.ssa.gov/planners/calculators.htm>

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§ 10. Supplemental Insurance Programs

State agencies and universities offer various supplemental after-tax insurance products to employees through private insurance providers. Each agency/university insurance committee is responsible for reviewing insurance products and determining whether or not they meet the needs of employees at the local level. The committees are also charged with competitively selecting the best insurance products that reflect the needs and desires of the employees they represent. Insurance products available at the local level may include life, dental, disability, accidental death and dismemberment, prepaid legal expenses, and others.

More information about these supplemental plans is available from the agency/university benefits representative.

§ 11. Sources of Authority

This policy is issued under any and all of the following sources of law:

- n/a

It is compliant with the Administrative Code rules at:

- n/a
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§ 12. History of This Policy

Date	Version
September 1, 1976	Group Insurance <ul style="list-style-type: none"> • Policy on information on group insurance programs and information sources.
July 1, 1976	Legal Defense <ul style="list-style-type: none"> • Amendment to State Personnel Act to allow legal defense to state employees.
January 1, 2002	<ul style="list-style-type: none"> • Deletes reference to HMO's and updates other wording.
July 1, 2002	<ul style="list-style-type: none"> • Revised to correct the limit allowed for tax deferments.
June 1, 2003	<ul style="list-style-type: none"> • Revised to update and clarify the supplemental retirement programs.
October 1, 2007	<ul style="list-style-type: none"> • 1) Added information about PPO's.

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	<ul style="list-style-type: none">• 2) Added paragraph that explains that an employee who separates prior to the 16th of the month is not eligible for state health insurance coverage in the subsequent month.
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