Disability Programs

Disability programs provide you with an alternate source of income if you can’t work for an extended period of time as the result of a disabling illness or injury.

The University provides you with basic short-term disability (STD) and long-term disability (LTD) coverage at no cost to you through the Teachers’ and State Employees’ Retirement System (TSERS). If you are eligible for STD coverage, after you have been disabled for 60 days, the STD plan begins paying you a monthly disability benefit for up to a year. After a year, if you remain disabled and are eligible for LTD coverage, the LTD plan pays a monthly benefit for as long as you qualify as disabled.

Your basic STD and basic LTD benefits are provided to you under the Disability Income Plan of North Carolina (DIP-NC).

Whether you qualify for STD or LTD benefits depends on how many years of creditable service you have as a participant in your retirement plan. In addition, your disability benefits may be limited if you have fewer than five years of creditable service.

You may wish to consider purchasing additional protection in the form of supplemental disability coverage. The specific supplemental disability plan for which you are eligible is tied to the retirement program you participate in—either the TSERS or the UNC Optional Retirement Program (ORP). However, supplemental disability coverage does not require you to have any creditable service under your retirement plan before it begins paying benefits. In addition, supplemental disability coverage increases the amount of benefits you receive each month.

Further details are provided in the following sections.

STD Coverage

If you have at least one year of membership service in TSERS or participation in the ORP, the STD plan will pay you a benefit after 60 continuous calendar days due to a qualified disabling illness or injury. (The 60-day period before the plan begins paying benefits is called the elimination period.)

The STD plan pays a monthly benefit equal to 50% of your monthly salary, up to a maximum of $3,000 per month.

The plan continues to pay this benefit until you are no longer disabled, or 365 days have passed since the beginning of your disability, whichever comes first.

These STD plan benefits are summarized in this table:

<table>
<thead>
<tr>
<th>Your Creditable Service as a Participant in Your Retirement Plan</th>
<th>During This Period of Your Disability</th>
<th>STD Plan Benefit (DIP-NC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>For as long as you are disabled</td>
<td>No benefit</td>
</tr>
<tr>
<td>1 year or more</td>
<td>1st year of disability</td>
<td>After a 60-day elimination period, the plan pays 50% of your monthly salary, up to a maximum of $3,000 per month</td>
</tr>
</tbody>
</table>
The STD plan does not pay benefits for disabilities that begin before you have at least a year of service as a participant in your retirement plan. However, you can purchase supplemental disability coverage to provide a benefit if you become disabled during that first year.

FOR MORE INFORMATION

For more information about the details of this plan, see the TSERS handbook at www.nctreasurer.com/dsthome/RetirementSystems/Benefits_Handbook.htm.

LTD Coverage

If you have at least five years of membership service in TSERS or participation in the ORP, the LTD plan will pay you a benefit if you remain disabled for longer than 365 days.

The LTD plan pays a monthly benefit equal to 65% of your monthly salary, up to a maximum of $3,900 per month.

The plan continues to pay this benefit until you are no longer disabled, or when you qualify for retirement, whichever comes first.

The LTD plan benefits are summed up in this table:

<table>
<thead>
<tr>
<th>Your Service as a Participant in Your Retirement Plan</th>
<th>During This Period of Your Disability</th>
<th>LTD Plan Benefit (DIP-NC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>For as long as you are disabled</td>
<td>No benefit</td>
</tr>
<tr>
<td>5 years or more</td>
<td>Beginning 2nd year of disability and continuing for as long as you are disabled</td>
<td>The plan pays 65% of your monthly salary, up to a maximum of $3,900 per month</td>
</tr>
</tbody>
</table>

Although the LTD plan does not pay benefits for disabilities that begin before you have at least five years of service as a participant in your retirement plan, you can purchase supplemental disability coverage to provide a benefit if you become disabled during that time.

FOR MORE INFORMATION

For more information about the details of this plan, see the TSERS handbook at www.nctreasurer.com/dsthome/RetirementSystems/Benefits_Handbook.htm.

Supplemental Disability Coverage

Although the University provides you with basic STD and basic LTD coverage at no cost to you, you may wish to consider purchasing additional protection in the form of supplemental disability coverage. Supplemental disability coverage pays benefits when your basic coverage does not, and increases your overall monthly benefit.

The specific supplemental disability plan that is available to you depends on which retirement program you participate in:

<table>
<thead>
<tr>
<th>If You Participate in the Teachers and State Employees' Retirement System (TSERS)</th>
<th>If You Participate in the Optional Retirement Program (ORP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The supplemental disability plan that is available to you is provided by Liberty Mutual.</td>
<td>The supplemental disability plan that is available to you is provided by The Standard.</td>
</tr>
</tbody>
</table>

The major differences between these plans are noted in the following sections.
Your supplemental disability coverage begins paying a benefit if you are disabled for more than 90 days. The 90-day period is called the **elimination period**. (Note: For employees of North Carolina State University who enroll in the Liberty Mutual plan, this elimination period is 60 days.) The elimination period is the period you must be continuously disabled before benefits become payable.

Generally, the plan supplements whatever basic STD or basic LTD benefit you may be receiving (plus certain other benefits as explained later) in whatever amount is needed to bring your total disability benefits up to 66⅔%. If you are receiving no other disability benefits, then the supplemental disability plan pays all of the 66⅔% of your monthly salary itself.

In addition, enrolling in the supplemental disability plan increases your maximum possible monthly benefit to $10,000.

The plan pays benefits for a qualifying disability regardless of how many years of membership service you have as a participant in TSERS, ORP, or Federal Employees' Retirement System (FERS) and Civil Service Retirement System (CSRS) for North Carolina State University employees. Therefore, it fills in certain “gaps” during which your basic coverage does not pay a benefit.

This table summarizes how the supplemental disability plan works with and supplements the basic STD and basic LTD plan:

<table>
<thead>
<tr>
<th>Your Service as a Participant in TSERS or ORP</th>
<th>During This Period of Your Disability</th>
<th>Benefits Paid</th>
<th>Basic STD Plan and Basic LTD Plan</th>
<th>Supplemental Disability Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>For as long as you are disabled, but not to exceed the maximum benefit period</td>
<td>No benefit</td>
<td>After the required elimination period, the plan pays 66⅔% of your monthly salary, minus deductible income, up to a total of $10,000 per month</td>
<td></td>
</tr>
<tr>
<td>1 through 4 years</td>
<td>1st year of disability</td>
<td>STD: After a 60-day elimination period, the plan pays 50% of your monthly salary, up to $3,000 per month</td>
<td>After the required elimination period, the plan pays an additional 16⅔% of your monthly salary, bringing your total benefit to 66⅔% of your monthly salary, up to a total of $10,000 per month</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Beginning 2nd year of disability and continuing for as long as you are disabled, but not to exceed the maximum benefit period</td>
<td>LTD: No benefit</td>
<td>The plan pays 66⅔% of your monthly salary, minus deductible income, up to a total of $10,000 per month</td>
<td></td>
</tr>
<tr>
<td>5 years or more</td>
<td>1st year of disability</td>
<td>STD: After a 60-day elimination period, the plan pays 50% of your monthly salary, up to $3,000 per month</td>
<td>After the required elimination period, the plan pays an additional 16⅔% of your monthly salary, bringing your total benefit to 66⅔% of your monthly salary, up to a total of $10,000 per month</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Beginning 2nd year of disability and continuing for as long as you are disabled, but not to exceed the maximum benefit period</td>
<td>LTD: The plan pays 65% of your monthly salary, up to $3,900 per month</td>
<td>The plan pays an additional 13⅔% of your monthly salary, bringing your total benefit to 66⅔% of your monthly salary, up to a total of $10,000 per month</td>
<td></td>
</tr>
</tbody>
</table>
ADDITIONAL PROVISIONS AND BENEFITS

In addition to the benefits outlined previously, your supplemental disability plan includes the following provisions and benefits:

- To be eligible to enroll, you must be a full-time active employee working 30 hours or more per week.
- SPA employees may enroll in this plan within the first 30 days of becoming employed/eligible. EPA employees may enroll within the first 60 days of becoming employed/eligible. If you do not enroll when first eligible and wait until a later date, you will have to provide evidence of insurability (EOI).
- The intent of the plan is to ensure you receive total benefits of 66 2/3% of your monthly salary while you are disabled. To ensure this, the plan basically pays 66 2/3% of your monthly salary minus whatever benefits you may be receiving from the basic STD or basic LTD plan, if any. In addition, your benefits from the supplemental disability plan may be further offset (reduced) by certain income-replacement benefits for which you are eligible—such as retirement or disability benefits from such programs as Social Security, or workers' compensation—so that the total you receive does not exceed 66 2/3% of your monthly salary. The exact income-replacement programs for which benefits may be offset vary from plan to plan; see your plan certificate for details.
- There is a minimum total monthly benefit of $100 or ½ of the 66 2/3% benefit, whichever is greater. (Note: For employees of North Carolina State University who enroll in the Liberty Mutual plan, the minimum monthly benefit is $250 or ½ of the 66 2/3% benefit, whichever is greater.) However, your benefit combined with the other income-replacement benefits noted above cannot exceed 100% of your pre-disability earnings.
- Benefits are limited, for any disabilities due to a pre-existing condition you had before becoming covered by the plan. Exact provisions vary according to your plan. See your plan certificate for details.
- The plan pays partial disability benefits if you can still work but, as a result of your disability, suffer a 20% or greater loss of earnings.

ADDITIONAL PROVISIONS FOR EMPLOYEES WHO ENROLL IN THE STANDARD PLAN FOR ORP PARTICIPANTS

- Special annuity benefit (monthly annuity premium benefit): In addition to providing you with a replacement for your current monthly income, while you are disabled this plan also protects your retirement income by continuing contributions to your ORP account. The amount the plan contributes to your ORP account is 12.84% of your salary eligible for retirement contributions.
- Additional benefits may be available to you as a participant in this plan if you are an employee of the School of Medicine at either East Carolina University or UNC-Chapel Hill. For more information, contact your campus' Human Resources/Benefits Office.

COST OF COVERAGE

Just as certain provisions and benefits vary among different versions of the supplemental disability plan, so do the calculations for figuring your monthly premium cost. For the method that applies to your plan, see the insert sheet that is enclosed with this booklet.

FOR MORE INFORMATION

For more information about the details of the supplemental disability plan from Liberty Mutual for members in TSERS, see the Certificate of Coverage located at: www.northcarolina.edu/hr/unc/benefits/financial/index.htm.

For more information about the details of the supplemental disability plan from The Standard for participants in ORP, see the Certificate of Coverage located at: www.northcarolina.edu/hr/unc/benefits/financial/index.htm.