

## **Disability Retirement Benefits**

### **Eligibility**

If you become disabled, you may be entitled to monthly disability retirement benefits if the following conditions are met:

- Five or more years of North Dakota service credit.
- Employed by a TFFR employer at the time of disability.
- Application must be filed within 36 months from the last day of employment.
- Disability must be “total” and result in your inability to perform the duties of a teacher for 12 months or more due to a medical condition.
- Certified eligible by the TFFR Board.

### **Application Process**

Upon request, a disability application packet will be sent to you containing disability information and forms to be completed by you, your employer, and your physician.

The disability application must be filed within thirty-six months from your last day of covered employment. However, you may apply for and receive disability benefits while on an approved medical leave of absence as long as you applied for benefits within the 36-month time frame.

In order to review your disability application, your employer must provide us with information about your employment status, sick leave benefits, and explain how your disability affects performance of job duties.

You must also provide TFFR with a medical examination report completed by your physician. A medical examination report is not necessary if you provide written proof documenting your eligibility for Social Security disability benefits. The Retirement and Investment Office is not liable for any costs incurred in undergoing the medical examinations and completing and submitting the necessary reports. This also applies to the recertification process.

Once we receive all of the necessary documentation, TFFR’s independent medical consultant will review your application and make a recommendation to the TFFR Board of Trustees.

The TFFR Board will review your application and determine your eligibility for disability benefits. You have the right to attend or be represented at this meeting. The discussion is confidential and closed to the public.

If approved, you will be notified and receive disability enrollment forms. If denied, you may appeal this decision by initiating a formal action against the Board in accordance with NDAC 82-10-01-01 and NDCC 28-32.

## **Benefit Calculation and Payment Options**

The disability benefit is calculated using the current retirement formula without reduction for age. Your disability retirement annuity is payable to you for life unless you return to teaching or no longer recertify eligible for disability benefits. You may elect a reduced benefit to provide additional survivor benefit protection for your beneficiary under joint and survivor or term certain options. If you are married, your spouse, if designated as beneficiary, must consent in writing to the form of payment option you elect. If spousal consent is not obtained, the form of benefit payment will be the 50 percent joint and survivor option.

### **Examples:**

#### ***Teacher A***

Age: 30 years

Service: 8 years

Final Average Monthly Salary: \$3,000

$\$3,000 \times 8 \text{ Years} \times 2\% = \$480 \text{ month}$

Single Life Annuity Disability Benefit

#### ***Teacher B***

Age: 50 years

Service: 25 years

Final Average Monthly Salary: \$3,000

$\$3,000 \times 25 \text{ Years} \times 2\% = \$1,500 \text{ month}$

Single Life Annuity Disability Benefit

## **Payment of Disability Benefits**

Your disability retirement date will be the first day of the month following your last date of paid employment. Benefits are paid on or retroactive to this date. You may receive this benefit for life, as long as you remain eligible. Periodic eligibility recertifications are required. If you pass away before accepting this benefit, disability retirement would not have occurred and disability retirement benefits would not be payable. Instead your beneficiary would be eligible for survivor benefits the first of the month following your passing.

## **Direct Deposit**

Direct deposit is the required method of payment. It is a safe, fast, and cost effective method of receiving your monthly benefit. Direct deposit guarantees that your annuity check is deposited to your checking or savings account on the first working day of every month. It also eliminates problems with lost or misplaced checks.

## **Taxes**

Disability payments are taxable as ordinary income until you reach normal retirement age (Age 65 or Rule of 85 for Tier 1 grandfathered members or Age 60/Rule of 90 for Tier 1 non-grandfathered and Tier 2 members). After you reach normal retirement, you will begin to recover the nontaxable part of your annuity, if any. The taxable and nontaxable portions of your benefit are calculated using a formula provided by the Internal Revenue Service. You will receive a 1099R tax form each year indicating your taxable income.

A member who retires under disability may be able to qualify for the "Credit for the Elderly or the Disabled." See IRS Publication 524. Personal income tax questions should be directed to your accountant, tax advisor, or Internal Revenue Service Center.