

**North Carolina State**  
**Military Leave and Reemployment Rights**  
 (For policy on Military Leave, please review [http://www.ncsu.edu/policies/employment/leave/military\\_leave.php](http://www.ncsu.edu/policies/employment/leave/military_leave.php) )

| Benefit   | Military Leave With Full Pay   | Military Leave Without Pay  | Reinstatement from Military Leave Without Pay   |
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| State Health Plan                                     | <p>While on military leave with full pay, health insurance coverage continues for the employee and his or her dependents just as though the employee was actively employed.</p> <p><b>NOTE:</b> If military leave is for 31 days or less, the employee must remain on the employer group plan and, if eligible, continue to receive the University's employer contribution as though he or she was actively employed.</p>  | <p>If on military leave without pay for more than 31 days, the employee (and his or her dependents) may elect to continue health coverage under rules similar to COBRA for up to 24 months by paying the full premium on an after-tax basis plus an additional 2% to the claims processing contractor (Blue Cross and Blue Shield). The extension to the new 24-month period will not extend a continuation coverage period that began before enactment of the new law. Following the end of the new 24-month period, which was signed in recent law on December 10<sup>th</sup>, 2004, the employee and his or her dependents have 30 days to apply for a non-group health policy offered through Blue Cross and Blue Shield of North Carolina.</p> <p><b>NOTE:</b> If military leave is for 31 days or less, the employee must remain on the employer group plan and, if eligible, continue to receive the University's employer contribution as though he or she were actively employed.</p> | <p>If the employee returns to work within 90 days of discharge, he or she (and his or her dependents) may reenroll in the State Health Plan either the first of the month of discharge or the first of the month following discharge and be eligible to receive the University's contribution. Otherwise, the employee (and his or her dependents) may reenroll effective the first day of the month following reinstatement to the payroll without penalty provided no more than 63 days have elapsed between the date of enrollment in the Plan and the termination date under prior health coverage.</p> |
| N.C. Teachers' and State Employees' Retirement System | <p>Employee shall continue as a contributing TSERS member and not incur any loss of membership service. The Death Benefit, the Survivor's Alternate Benefit, and the N.C. Disability Income Plan continue to be applicable. Disability under the plan is the mental or physical incapacity for the further performance of duty (the usual occupation) of a participant; provided that such disability was not the result of terrorist activity, active participation in a riot, committing or attempting to commit</p> | <p><b>Creditable Service:</b><br/>         While on military leave without pay, the TSERS employee and employer contributions are suspended.</p> <p><b>Death Benefit:</b><br/>         This benefit is payable if the employee dies in active service (while being paid salary) after one year as a contributing TSERS member. It is also paid if the employee dies within 180 days of the last day for which he or she was paid salary. <b>This means that if the employee is on a military leave without</b></p>  | <p>Employee resumes participation in TSERS; payroll deductions resume.</p> <p><b>Creditable Service:</b></p> <ul style="list-style-type: none"> <li>• Periods of active duty in the U.S. Military up to the time the employee is first eligible for discharge count as creditable service at no cost if the employee was a teacher or State employee when he or she entered the military, and:             <ul style="list-style-type: none"> <li>- returned to employment as a teacher or State employee within two years</li> </ul> </li> </ul>   |

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| <p>N.C. Teachers' and State Employees' Retirement System (cont.)</p> | <p>a felony, or an intentional self-inflicted injury.</p> | <p><b>pay, he or she is covered for 180 days following the last day he or she was paid.</b></p> <p><b>Survivor's Alternate Benefit:</b><br/> If the employee dies in active service (while being paid salary or within 180 days after salary payments cease) after:</p> <ul style="list-style-type: none"> <li>(1) completing 20 years of creditable service regardless of age, or</li> <li>(2) reaching age 60 with 5 years of membership service</li> </ul> <p>the principal beneficiary named to receive a refund of the employee's contributions and interest (provided the employee has named only one person) may choose to receive a monthly benefit for life instead of a refund. This means that if the employee is on a military leave without pay, dies within 180 days following the last day he or she was paid salary, and meets the conditions outlined in (1) or (2) above, then the Survivor's Alternate Benefit is applicable.</p> <p><b>N.C. Disability Income Plan:</b><br/> Coverage ceases when the employee takes a leave of absence without pay and he or she is no longer actively contributing to TSERS. Therefore, the employee is not covered under the Disability Income Plan while on military leave without pay.</p> | <p>after his or her earliest discharge date, or</p> <p>(Note: Employees who serve in the U.S. armed services, after being honorably discharged, who return to service of the State within a period of two years from the date of discharge shall be credited with prior service for such period of service in the armed forces and salaries or compensations paid to such employees immediately before entering the armed forces shall be deemed to be the actual compensation rates during the period of service.)</p> <ul style="list-style-type: none"> <li>- returned to employment as a teacher or State employee at any time after his or her discharge and completed at least 10 additional years of service as a contributing member.</li> <li>• If an employee is not eligible for free credit under the rules above, he or she may be eligible to buy credit for his or her first period plus later required periods of active duty by making a lump sum payment. The cost will depend on when the employee became a member and when payment is made.</li> <li>- If the employee becomes a member on or before July 1, 1981, and has contributed to TSERS for 5 years but less than 10 years, his or her cost will be equal to the full actuarial liabilities created on account of the additional</li> </ul> |

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| N.C. Teachers' and State Employees' Retirement System (cont.) |  |  | <p>credit purchased. However, as soon as the employee has contributed for 10 years, there immediately follows a 3-year period during which the cost will likely be lower than at any other time. If not paid during that 3-year period, the cost will again become equal to the full actuarial liabilities created on account of the additional credit purchased.</p> <p>- If the employee becomes a member after July 1, 1981, he or she must have contributed to TSERS for 5 years. The cost will be equal to the full actuarial liabilities created on account of the additional credit purchased.</p>                     |
| State's 401(k) for Law Enforcement Officers                   | While on military leave with full pay, employer contribution continues just as though the officer was actively employed.   | While on military leave without pay, the employer contribution to the State's 401(k) plan is suspended during the period of leave.   | Employer contribution to the 401(k) must be paid as soon as practicable (usually within 60 days) following the return to service on the basis of the salary that would have otherwise been paid during the leave of absence.  |
| UNC Optional Retirement Program                               | Employee shall continue as a contributing ORP participant. The N.C. Disability Income Plan continues to be applicable. Disability under the plan is the mental or physical incapacity for the further performance of duty (the usual occupation) of a participant; provided that such disability was not the result of terrorist activity, active participation in a riot, committing or attempting to commit a felony, or an intentional self-inflicted injury. | <p>While on military leave without pay, the ORP employee and employer contributions are suspended.</p> <p><b>N.C. Disability Income Plan:</b><br/>Coverage ceases when the employee takes a leave of absence without pay and he or she is no longer actively contributing to ORP. Therefore, the employee is not covered under the Disability Income Plan while on military leave without pay.</p> | <p>Employee resumes participation in ORP; payroll deductions resume.</p> <p>Under USERRA an ORP participant must be allowed to make employee contributions to the ORP for each year of Qualified Military Service in an amount that the participant would have been eligible to contribute had he or she not been in Qualified Military Service; provided, such employee entered such Qualified Military Service directly from the employ of the University and was thereafter reemployed by the University in accordance with the USERRA reemployment requirements. Under the ORP, employee contributions are to be made</p> |

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| <p>UNC Optional Retirement Program (cont.)</p> |                              |                            | <p>on a pre-tax basis through salary reduction. The participant must furnish employee contributions as makeup contributions during a period that begins on the date of the employee's reemployment with the University and extends no longer than three times the period of military service, or five years, whichever is shorter. For example, if the participant had been on military duty for two years, he or she would have up to five years (the lesser of 3 times 2, or 5) to submit makeup contributions following reinstatement to University employment. If the participant had been on military duty for one year, the participant would have up to three years (the lesser of 3 times 1, or 5) to make up such contributions following reinstatement.</p> <p>For each ORP participant who timely undertakes to submit makeup contributions to the ORP following Qualified Military Service, the reemploying University institution must make employer contributions for each year of Qualified Military Service in an amount equal to the employer contribution the participant would have been credited had he or she not been in Qualified Military Service.</p> <p>An employee who is in Qualified Military Service shall be treated as receiving compensation during such period of Qualified Military Service equal to:</p> <ul style="list-style-type: none"> <li>- the compensation the employee would have received during such period if the employee were not in Qualified Military Service, determined based on the rate of</li> </ul> |

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| <p>UNC Optional Retirement Program (cont.)</p> |                                       |   | <p>pay the employee would have received from the employer but for absence during the period of Qualified Military Service, or</p> <ul style="list-style-type: none"> <li>- if the compensation the employee would have received during such period was not reasonably certain, the employee's average compensation from the employer during the 12 month period immediately preceding the Qualified Military Service (or, if shorter, the period of employment immediately preceding the Qualified Military Service).</li> </ul> <p>Employer and employee contributions are both made with respect to the employee's compensation as determined above. The applicable ORP employer and employee contribution rates (currently 6.84% and 6%, respectively) are those in effect while the employee is on military duty. Makeup payments may not exceed the respective amounts that would have been required or allowed if the employee had been continuously employed in University employment. For an ORP participant to be eligible to be credited the employer contribution, the participant must also make his or her employee contribution.</p> <p>The University contribution is not subject to any otherwise applicable limitations contained in IRC Section 415 with respect to the year in which the employer contributions are made but rather to the year to which they relate.</p> |
| Voluntary                                      | While on military leave with pay, the | While on military leave without pay, an | An employee may resume tax-sheltered   |

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| <p>Supplemental Retirement Plans - 403(b) plans, the State's 401(k) and 457 Deferred Compensation plans</p> <p>Voluntary Supplemental Retirement Plans - 403(b) plans, the State's 401(k) and 457 Deferred Compensation plans (cont.)</p> | <p>employee may continue participating in a voluntary supplemental retirement plan just as though he or she were actively employed.</p>                            | <p>employee's tax-sheltered contributions to a voluntary supplemental retirement plan are suspended. <b>NOTE:</b> Proposed IRS regulations would permit participant loan repayments to be suspended during the absence for duty.</p>   | <p>contributions to a voluntary supplemental retirement plan. The employee will be allowed a period of up to three times the length of the period of the leave, not to exceed five years to make-up any voluntary contributions on the basis of the salary that would have otherwise been paid during the leave of absence. For purposes of the 403(b) maximum exclusion allowance, the defined contribution plan 415 limit, the 457 deferral limit as well as limits due to plan terms, an employee's "compensation" is deemed to be the amount that would have been received, based on the pay rate that would have applied had the employee remained actively employed. If this amount cannot be determined, "compensation" is generally to be based on the employee's average compensation during the 12-month period immediately preceding the leave.</p> <p><b>NOTE:</b> Proposed IRS regulations indicate that the period for repayment of loans may be extended by the period of military service if payments resumed after the leave are at least equal in amount and frequency to the original payments and interest accrued during the military leave.</p> |
| <p>NC Flex Health Care and Dependent Day-Care Flexible Spending Accounts</p>  | <p>While on military leave with pay, the employee may continue participating in the NC Flex spending accounts just as though he or she were actively employed.</p> | <p>While on military leave without pay, a NC Flex participant is allowed to continue Health Care Flexible Spending Account benefits on an after-tax, pre-pay, or pay-as-you-go basis by personal check for the remaining months in the plan (calendar) year. If coverage is continued on an after-tax basis through personal payment, a participant may continue to file for reimbursement for any incurred expenses while on leave. This is important if the participant has an account</p> | <p>If the Health Care Flexible Spending Account coverage was continued while on leave without pay and the participant is reemployed during the same plan year, he or she automatically resumes participation. If coverage was terminated while on military leave without pay, he or she has 30 days to reenroll.</p> <p>Under the Dependent Day-Care Spending Account, the employee has 30 days to enroll</p>   |

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| NC Flex Health Care and Dependent Day-Care Flexible Spending Accounts (cont.) |  | <p>balance remaining when he or she enters leave without pay status.</p> <p>If personal payments are not continued during the leave without pay, coverage will cease and a participant may submit claims only for services incurred before the coverage termination date. Any unused money in the participant's account at year-end is forfeited and remains with the State.</p> <p>Under the Dependent Day-Care Flexible Spending Account, the participant's coverage will terminate while he or she is on leave without pay. The participant may submit claims for services incurred only before the coverage termination date. Any unused money in the participant's account at year-end is forfeited and remains with the State.</p> | in the plan.  |
| NC Flex Dental Insurance  | While on military leave with pay, the employee may continue participating in the NC Flex Dental Plan just as though he or she was actively employed.   | While on military leave without pay, NC Flex participants will be allowed to continue dental coverage for up to 24 months on an after-tax prepay or pay-as-you-go basis by personal check. If the military leave is extended beyond the 24-month period, then COBRA coverage would be offered.   | If an employee is reinstated in accordance with the USERRA reemployment requirements and Dental Insurance was terminated while on military leave without pay, the participant may resume the coverage without penalties or waiting periods as long as he or she enrolls within 30 days of reinstatement to the payroll. |
| NC Flex Accidental Death & Dismemberment (AD&D)                               | <p>While on military leave with pay, the employee may continue participating in the NC Flex AD&amp;D plan just as though he or she was actively employed. However, the policy contains the following exclusions and will not pay for a loss caused by:</p> <ul style="list-style-type: none"> <li>• Intentionally self-inflicted injuries or suicide, or any attempts at such</li> <li>• Nuclear war or war between the USA and/or the states of the former</li> </ul> | <p>While on military leave without pay, NC Flex participants will be allowed to continue AD&amp;D coverage on an after-tax prepay or pay-as-you-go basis by personal check. However, the policy contains the following exclusions and will not pay for a loss caused by:</p> <ul style="list-style-type: none"> <li>• Intentionally self-inflicted injuries or suicide, or any attempts at such</li> <li>• Nuclear war or war between the USA and/or the states of the former Soviet</li> </ul>  | If an employee is reinstated in accordance with the USERRA reemployment requirements and AD&D coverage is terminated while on military leave without pay, the participant may resume the coverage without penalties or waiting periods as long as he or she enrolls within 30 days of reinstatement to the payroll.     |

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| NC Flex Accidental Death & Dismemberment (AD&D) (cont.) | <p>Soviet Union, China, France, or the United Kingdom</p> <ul style="list-style-type: none"> <li>• Service in the Armed Forces or any country</li> <li>• Illness, disease, bodily infirmity or any bacterial infection, other than bacterial infection occurring as a consequence of an accidental cut or wound</li> <li>• Operating or learning to operate or serving as a crew member of an aircraft owned or leased by or on behalf of the State of North Carolina</li> <li>• While in any aircraft being used for test or experimental purposes</li> <li>• Being under the influence of a controlled substance as defined by federal or state law unless administered on the advice of a physician</li> <li>• Any aircraft operated by or under any military authority</li> </ul> <p><b>NOTE:</b> For more details, please review the NC Flex booklet or visit the website at <a href="http://www.ncflex.org">www.ncflex.org</a></p> | <p>Union, China, France, or the United Kingdom</p> <ul style="list-style-type: none"> <li>• Service in the Armed Forces or any country</li> <li>• Illness, disease, bodily infirmity or any bacterial infection, other than bacterial infection occurring as a consequence of an accidental cut or wound</li> <li>• Operating or learning to operate or serving as a crew member of an aircraft owned or leased by or on behalf of the State of North Carolina</li> <li>• While in any aircraft being used for test or experimental purposes</li> <li>• Being under the influence of a controlled substance as defined by federal or state law unless administered on the advice of a physician</li> <li>• Any aircraft operated by or under any military authority</li> </ul> <p><b>NOTE:</b> For more details, please review the NC Flex booklet or visit the website at <a href="http://www.ncflex.org">www.ncflex.org</a></p> |   |
| NC Flex Vision Care                                     | While on military leave with pay, the employee may continue participating in the NC Flex Vision Plan just as though he or she was actively employed.   | While on military leave without pay, NC Flex participants will be allowed to continue Vision Care coverage for up to 24 months on an after-tax prepay or pay-as-you-go basis by personal check. If the military leave is extended beyond the 24-month period, then COBRA coverage would be offered.   | If an employee is reinstated in accordance with the USERRA reemployment requirements and NC Flex Vision Care coverage was terminated while on military leave without pay, the participant may resume the coverage without penalties or waiting periods as long as he or she enrolls within 30 days of reinstatement to the payroll. |
| Prudential Long Term Care                               | While on military leave with pay, the employee may continue participating in the Long Term Care plan just as though he or she were actively employed.  | While on military leave without pay, an employee may continue participation through direct billing by contacting Prudential directly.   | The policyholder should refer to his or her individual policy regarding cancellations and reinstatements for non-payments.  |

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| <p>Liberty Mutual Disability</p> <p>Liberty Mutual Disability (cont.)</p> | <p>While on military leave with pay, the employee may continue participating in the Liberty Mutual Disability plan just as though he or she were actively employed. However, the plan will not cover any disability or partial disability due to:</p> <ul style="list-style-type: none"> <li>• War, declared or undeclared or any act of war, or</li> <li>• Active participation in a riot</li> </ul> <p>“Participation” shall include promoting, inciting, conspiring to promote or incite, aiding, abetting, and all forms of taking part in, but shall not include actions taken in defense of public or private property, or actions taken in defense of the person of the insured, if such actions of defense are not taken against persons seeking to maintain or restore law and order including, but not limited to, police officers and firemen.</p> <p>“Riot” shall include all forms of public violence, disorder or disturbance of the public peace, by three or more persons assembled together, whether or not acting with a common intent and whether or not damage to persons or property or unlawful act or acts is the intent or the consequence of such disorder.</p> | <p>While on military leave without pay, the participant’s Liberty Mutual Disability insurance will cease on the date that ends the period for which the participant made the last required premium contribution. However, Liberty Mutual will extend coverage to an employee on military leave without pay for up to 24 months if he or she continues to remit monthly premiums by personal payment through his or her employer. However, the plan will not cover any disability or partial disability due to:</p> <ul style="list-style-type: none"> <li>• War, declared or undeclared or any act of war, or</li> <li>• Active participation in a riot</li> </ul> | <p>If an employee is reinstated in accordance with the USERRA reemployment requirements, he or she may reenroll in the Liberty Mutual Disability plan without penalty as long as he or she enrolls within 60 days of reinstatement to the payroll.</p> |
| <p>Standard Long-term Disability Insurance</p>                            | <p>While on military leave with pay, the employee may continue participating in the Standard Disability plan just as though he or she was actively employed. However, benefits will not be paid if the disability is caused, or contributed to, by war, rioting, an injury or a sickness that results from war, declared or not declared.</p>  | <p>While on military leave without pay, the participant’s Standard Disability insurance will cease on the date that ends the period for which such participant made the last required premium contribution. However, Standard will extend coverage to an employee on military leave without pay for up to 24 months if he or she continues to remit monthly premiums by personal payment through his or her employer. However,</p>   | <p>If an employee is reinstated in accordance with the USERRA reemployment requirements, he or she may reenroll in the Standard Disability plan without penalty as long as he or she enrolls within 31 days of reinstatement to the payroll.</p>       |

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|  |   | benefits will not be paid if the disability is caused, or contributed to, by war, rioting, an injury or a sickness that results from war, declared or not declared. |   |
| Short Term Disability - Colonial                   | While on military leave with pay, the employee should discontinue participating in the Short Term Disability plan because the plan will not pay for a loss or a total disability caused: <ul style="list-style-type: none"> <li>• By an act of War or similar military action; or</li> <li>• While actively serving in the military, including the Reserves or National Guard, for a country or international organization</li> </ul> | While on military leave without pay, the participant's Short Term Disability insurance will cease on the date leave begins.   | If an employee is reinstated in accordance with the USERRA reemployment requirements, he or she may reenroll in the Short Term Disability plan without penalty as long as he or she enrolls within 31 days of reinstatement to the payroll. |
| Long Term Care - Mutual of Omaha Insurance Company | While on military leave with pay, the employee may continue participating in the Mutual of Omaha Insurance plan just as though he or she were actively employed.  | While on military leave without pay, an employee may continue participation through direct billing by contacting Mutual of Omaha directly.                          | The policyholder should refer to his or her individual policy regarding cancellations and reinstatements for non-payments.  |
| Home/Auto Insurance                                | While on military leave with pay, the employee may continue participating in their home or auto Insurance plan just as though he or she were actively employed.   | While on military leave without pay, an employee may continue participation through direct billing by contacting Travelers directly.                                | The policyholder should refer to his or her individual policy regarding cancellations and reinstatements for non-payments.  |
| Hyatt Legal Plan                                   | While on military leave with pay, the employee's Legal Plan deduction may continue.   | While on military leave without pay, the participant's insurance will cease on the date leave begins.   | If an employee is reinstated in accordance with the USERRA reemployment requirements, he or she may reenroll in the NC State's Legal plan without penalty as long as he or she enrolls within 31 days of reinstatement to the payroll.      |
| College Saving Plan                                | While on military leave with pay, the employee may continue participating in a voluntary college saving plan just as though he or she were actively employed.   | While on military leave without pay, an employee may continue participation through direct billing by contacting the College Foundation.                            | An employee may resume contributions to a voluntary college saving plan.  |
| MetLife Insurance                                  | While on military leave with pay, the employee may continue participating in the MetLife Insurance plan just as though he or she were actively employed.  | While on military leave without pay, an employee may continue participation through direct pay to MetLife Insurance.  | An employee may resume contributions to their MetLife Insurance plan  |

**NOTE:** This chart summarizes certain employee benefits established by federal or state law (and regulations promulgated there under) or by contract authorized by federal or state law (and related regulations). The chart is not an authoritative or definitive statement of those benefits. For authoritative and definitive statements of the benefits, the corresponding laws, regulations, and/or contract terms should be consulted.