



# Employer *Bulletin*

Employer Communication Center (608) 264-7900 Toll free: 1-888-681-3952 <http://etf.wi.gov>

## Income Continuation Insurance Benefit and Premium Calculation Changes

### Premium and Benefit Calculations

Income Continuation Insurance (ICI) premiums and benefits are now based on the previous calendar year WRS earnings. A projected salary is used for new employees, those with a change in percentage of appointment, a consecutive three-month break in service, or a permanent salary adjustment (excluding general wage adjustments).

This methodology hurts those who work overtime, then receive a pay increase, and later become disabled. It penalizes disabled individuals who unsuccessfully attempt to return to work. Employers now must make frequent premium adjustments for large numbers of employees. As a result, the Group Insurance Board recently approved changes to the ICI plan to address these issues.

## Average Monthly Salary Calculation (Effective April 1, 2009 for Benefits and at 2010 Annual Premium Adjustment)

The employer determines the average monthly salary as follows:

- A. Previous calendar year WRS earnings, rounded to the next \$1,000 and divided by 12, OR
- B. Projected annual WRS earnings for new hires and when there is a permanent change in percentage of appointment
  1. For a full-time employee, hourly rate x 2080 hours = annual earnings (less than full-time, annual earnings x percentage of appointment);
  2. Round to the next \$1,000;
  3. Divide by 12.

**Note:** An employee transferring from one employer to another employer is treated as a new hire. A move from one job to another job within the same employer (agency) is not a new hire.

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Benefits Only (Effective April 1, 2009)

For employees who have a permanent change in their rate of pay and no change in percentage of appointment, benefits are based on the projection (new rate of pay) or previous calendar year, whichever is higher. This determination is made by the employer and reported on the *ICI Employer Statement* (ET-5351).

The average monthly salary used is the one in effect on the first date of disability.

Premiums Only – Authorized Leave of Absence (Effective in 2010)

Upon return to work, premium rates are reinstated at the same rate that was in effect prior to the date of the leave. This rate remains in effect until the employee has worked one full calendar year and then will be adjusted during the next annual adjustment.

If you have questions regarding this *Bulletin*, please contact the Employer Communication Center at (608) 264-7900, or e-mail ETF from the Contact Us page of our Internet site, <http://etf.wi.gov>.

The *Income Continuation Employer Statement* (ET-5351), State (ET-2106) and Local (ET-2129) ICI Booklets, and State (ET-1119) and Local (ET-1145) ICI Administration Manuals will be updated.

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services, or employment. If you are speech, hearing or visually impaired and need assistance, call the Wisconsin Relay Service at 7-1-1 or 1-800-947-3529 (English) 1-800-833-7813 (Español). We will try to find another way to get the information to you in a usable form.

This ***Employer Bulletin*** is published by the Wisconsin Department of Employee Trust Funds. Questions should be directed to contact persons listed in the Bulletin, or to the Division of Retirement Services (DRS). Call Jean Gilding, DRS Administrator, at (608) 266-1210. Employer agents may copy this Bulletin for further distribution to other payroll offices, subunits or individuals who may need the information. Copies of the most recent Employer Bulletins are available on our Internet site at the following URL: <http://etf.wi.gov/employers.htm>

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