



Employer *Bulletin*

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

Mailing Instructions

Please send your payment and reports to ETF's lockbox in Milwaukee. Labels with the address are enclosed for your convenience. The mailing address is:

Employee Trust Funds-Insurance Payments
PO Box 78761
Milwaukee WI 53278-0761

| ICI | Completion Date | Effective Date | Report Date |
|--|------------------------------------|----------------|------------------------------------|
| Annual Premium Update | March | March 1 | March report due February 20, 2009 |
| Annual Supplemental ICI Enrollment period - Use <i>ICI Application</i> (ET-2366) | Application received by January 30 | March 1 | March report due February 20, 2009 |

Annual ICI Premium Review and Update

Local employers offering Income Continuation Insurance (ICI) must annually update payroll records and calculate new monthly ICI premiums effective March 1, 2009. The new premium rates are based on your insured employees' 2008 average monthly earnings, as reported to the Wisconsin Retirement System (WRS), and their selected elimination period. An employee's average monthly earnings are defined as the total 2008 WRS earnings rounded to the next higher thousand and divided by 12.

The updated premiums must be reported on your March 2009 *Income Continuation Report* (ET-1629) due at the Department of Employee Trust Funds (ETF) on or before Friday, February 20, 2009. Please write "Annual Review and Update Completed" on the bottom of your March 2009 report to indicate that you have completed this process.

Note: If you submit your March 2009 *ICI Report* without making the premium adjustment, please make the necessary adjustments based on 2008 earnings on your April 2009 premium report due Friday, March 20, 2009. You will also need to make a correcting entry for the March report.

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Use the following instructions to complete your review of ICI premiums. You may also refer to subchapter 403 of the *Wisconsin Public Employers Income Continuation Insurance Administration Manual* (ET-1145, rev. 12/2004).

1. Use each insured employee's earnings as reported to WRS for 2008. For newly hired employees, those who have had an interruption in earnings of three consecutive months or more, or a permanent salary adjustment (excluding the annual cost of living), the WRS earnings for 12 months will be an estimate. For a full-time employee, take the base hourly rate (including any **permanent** salary adjustments) x 2080 hours.
2. Verify that you are reporting employees by their correct elimination period. (This can be accomplished by checking the most recent application for each employee.)
3. Use the guidelines listed in chapter 4 of the *Wisconsin Public Employers ICI Administration Manual* (ET-1145) to calculate the monthly premium for each employee and the employer contribution. The premium rates are unchanged from last year.
4. The resulting premium totals will be the amount paid and reported beginning February 20, 2009 (for March 2009 coverage) and ending January 20, 2010 (for February 2010 coverage).

Note: When an employee has a permanent change in the percentage of appointment, such as a change from part-time to full-time employment, premiums must be adjusted at the time the change occurs. If an adjustment was not made at the time the change in appointment occurred, payment of the additional premiums — or refund of the overpaid premiums — should be made from the month of the change to the end of the calendar year on the report due February 20, 2009.

Supplemental ICI Open Enrollment Period Concludes January 30, 2009

The 2009 enrollment period for supplemental ICI coverage runs through January 30. Supplemental ICI provides for coverage based on annual earnings between \$64,000 and \$120,000. Coverage elected during the 2009 enrollment period is effective March 1, 2009.

Supplemental ICI Provisions

The ICI program covers 75% of an individual's annual earnings up to \$64,000. Supplemental ICI coverage allows for coverage up to annual earnings of \$120,000. The employee pays the entire premium for coverage beyond the \$64,000 threshold. Individuals with annual earnings greater than \$120,000 who enroll in supplemental ICI coverage are limited to a benefit based on earnings of \$120,000. Eligible employees electing supplemental coverage must insure their entire salary above \$64,000 up to a maximum of \$120,000. There is no partial supplemental coverage. Enrollment in the supplemental coverage is voluntary.

Supplemental ICI Enrollment

Employers should notify eligible employees of the supplemental ICI enrollment opportunity and direct interested employees to contact the appropriate human resources or payroll/benefits personnel for an ICI application.

Eligible employees on leave of absence during the open enrollment period have 30 days from their return to work to apply for supplemental ICI coverage. Employees currently receiving ICI benefits may enroll when they return to work and are no longer receiving ICI benefits.

Who is eligible for supplemental ICI coverage during the annual supplemental coverage enrollment period?

- Employees with ICI coverage and earnings exceeding \$64,000 who failed to enroll during the initial open enrollment period may enroll in supplemental ICI coverage during the annual enrollment period. These employees cannot apply for supplemental ICI coverage by furnishing medical evidence of insurability (EOI).
- Employees whose annual earnings first exceed \$64,000 in 2008.

Who pays the premium?

- The employee pays the entire premium for the supplemental ICI coverage; there is no employer share. Employers cannot contribute any portion of the supplemental ICI premium.

How does supplemental coverage affect the potential benefit level?

- Employees with supplemental ICI coverage are eligible for a maximum benefit of \$7,500 per month (75% of maximum monthly earnings of \$10,000).
- Employees with annual earnings greater than \$64,000 who are not enrolled in supplemental ICI coverage are limited to a maximum benefit of \$4,000 per month.

How to apply:

- Eligible employees wishing to enroll in supplemental ICI coverage must complete the 'Employee' section of the *Income Continuation Insurance Application (ET-2366)* indicating the election of supplemental ICI coverage. The application must be returned to the employer by close of business on January 30, 2009.

Employers will:

1. Validate that the employee is eligible for supplemental ICI coverage.
2. Complete the 'Employer' section of the application and forward the top copy of the application to ETF. Each application will be audited and problem applications reviewed with the employer or returned.
3. Retain the Employer Copy for verification purposes.
4. Give the Employee Copy to the employee.

2009 ICI Premium Rates

ICI premium rates for 2009 remain at current levels.

For questions regarding this Employer Bulletin, please contact the Employer Communication Center at (608) 264-7900, toll free at (888) 681-3952 or via e-mail at etf.descomm@etf.state.wi.us.

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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<http://etf.wi.gov>.