



# EMPLOYER BULLETIN

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- **Changes to Income Continuation Insurance Premium and Benefit Calculations**
- **Salary Adjustments and Premium/Benefit Levels**

## Premium and Benefit Calculations

The Group Insurance Board recently approved a change to the method by which premiums and benefits are calculated for the State Income Continuation Insurance (ICI) program. Effective February 1, 2007, premiums and benefits will be based on earnings for the previous calendar year as reported to the Wisconsin Retirement System (WRS), rounded to the next higher \$1,000 and divided by 12. This change assures that premiums and benefits are proportionate and incorporates overtime, add-ons, etc., for eligible employees, which were not previously included. This is the same method used for less than 12-month state employees and aligns the State ICI program with the Local Employer ICI program.

### Background:

#### **Currently, premiums and benefits are determined as follows:**

- Unclassified and Classified 12-Month Employees – Gross salary, excluding overtime and temporary add-ons in the last complete payroll period in the previous calendar year (for premiums) and last complete payroll period prior to disability (for benefits).
- Less than 12-Month Employees – Earnings for the previous calendar year, rounded to the next higher \$1,000 and divided by 12 (for both premiums and benefits)
- New hires or those with a break in service of three consecutive months or more – Projected earnings for the current year, rounded to the next higher \$1,000 and divided by 12.

#### **Here is the calculation effective February 1, 2007:**

- Unclassified and Classified 12-Month Employees – (Change) Earnings for the previous calendar year as reported to the WRS, rounded to the next higher \$1,000 and divided by 12.
- Less than 12-Month Employees – No change. Earnings for the previous calendar year as reported to the WRS, rounded to the next higher \$1,000 and divided by 12.
- New hires or those with a break in service of three consecutive months or more – No Change. Projected earnings for the current year, rounded to the next higher \$1,000 and divided by 12.

