



Employer *Bulletin*

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

ICI	Completion Date	Effective Date	Report Date
Annual Premium Update	January	February 1	February report due March 20, 2009
Deferred Enrollment with <i>ICI Application</i> (ET-2307)	Application received by January 30	April 1	April report due May 20, 2009
Annual Supplemental ICI Enrollment period - Use <i>ICI Application</i> (ET-2307)	Application received by January 30	April 1	April report due May 20, 2009

Annual ICI Premium Review and Update

Please remember to complete the annual Income Continuation Insurance (ICI) premium updates in January for an effective date of February 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 accumulated sick leave (selected elimination period for UW Faculty). An employee's average monthly earnings are defined as the total 2008 WRS earnings rounded to the next higher thousand and divided by 12.

Premium categories are based on the employee's accumulated sick leave hours credited as of the last complete payroll period in the previous calendar year. Monthly salary is based on the total 2008 WRS earnings rounded to the next higher thousand and divided by 12. For newly hired employees, those with a break in service of more than three consecutive months or a permanent salary adjustment (excluding cost of living adjustment):

1. Estimate the earnings to be received during the next 12 months. For a full-time employee, take the base hourly rate (including any permanent salary adjustments) x 2080 hours;
2. Round to the next higher thousand;
3. Divide by 12 to determine the monthly basis for earnings and premiums.

INSIDE

- * Annual Income Continuation Insurance (ICI) Premium Review & Update
- * 2009 Supplemental ICI Enrollment
- * 2009 ICI Deferred Enrollment Period
- * 2009 ICI Premium Rates

These estimated monthly earnings are used as a basis for coverage until, at the time of the annual adjustment, a full calendar year of WRS reportable earnings is available. For example:

- Employee starts WRS employment in July 2008 – use estimated salary
- January 2009 Annual Adjustment – continue to use estimated salary
- January 2010 Annual Adjustment – use previous calendar year (i.e., 2009) WRS reportable earnings

Premiums should be deducted from the employee's paycheck during the 4A payroll (February 1 – February 14). Remittance reports are due at Employee Trust Funds (ETF) on or by Friday, March 20, 2009.

ICI Deferred Enrollment Period Concludes January 30, 2009

The ICI program's deferred enrollment period ends January 30, 2009. The deferred enrollment provision gives eligible employees an opportunity to enroll for ICI coverage based on accumulated sick leave without furnishing proof of insurability. Deferred enrollment is permitted if the following conditions apply:

- It is the first time an employee becomes eligible for an increase in State contribution toward premium under premium category 4 or 5. In addition, all ICI eligible employees have an enrollment opportunity at the end of any calendar year in which their accumulated sick leave exceeds 130 days (premium category 6).
- The employee accrued 80 hours of sick leave in the previous calendar year, qualifying them for premium category 3. Premium category 3 is also available to part-time employees on a prorated basis. For example, those employees on a half-time basis only have to accumulate 40 hours (5 days) of sick leave in the prior year instead of 80 hours (10 days) required for full-time employees. This prorating applies only to premium category 3.

According to section 2.10 (1) of the ICI Plan, premium determinations and eligibility for most employees are determined based on the accrual or total accumulation of sick leave recorded and credited to the last complete pay period for the previous calendar year. The last complete pay period for calendar year 2008 is 27B (December 7, 2008 through December 20, 2008).

Premiums are based on WRS reported earnings from the previous calendar year, rounded to the next higher thousand, and divided by twelve. For breaks in service of more than three consecutive months, you must estimate the earnings to be received during the next 12 months, round to the next higher thousand, and divide by 12 to determine the monthly basis for earnings and premiums.

Employees interested in these enrollment opportunities must complete the *Income Continuation Insurance Application* (ET-2307) and return the application to the employer by close of business on January 30, 2009. Coverage for those who enroll during this period is effective April 1, 2009. Premiums should be deducted from the employee's paycheck during the 8A payroll (March 29 – April 11) and remittance reports are due at ETF on or before Wednesday, May 20, 2009.

Supplemental ICI Open Enrollment Period Concludes January 30, 2009

The 2009 enrollment period for supplemental ICI coverage runs concurrently with the annual deferred enrollment period, which concludes on January 30. Supplemental ICI provides coverage based on annual earnings between \$64,000 and \$120,000. Supplemental coverage elected during the 2009 enrollment period is effective April 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 ICI 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 leaves 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 deferred enrollment period?

- Employees applying for ICI coverage during annual deferred enrollment with annual earnings exceeding \$64,000 may apply for supplemental ICI at the same time they apply for ICI coverage.
- Employees with ICI coverage and earnings exceeding \$64,000 who failed to enroll during the initial open enrollment period, or when they first enrolled in ICI, may enroll in supplemental ICI during the annual enrollment period.
- Employees whose annual earnings first exceeded \$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 ICI application 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 the 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.

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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>

Wisconsin Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931
<http://etf.wi.gov>.