

CHAPTER 18 – EMPLOYEE BENEFITS DURING LAYOFF OR LEAVE OF ABSENCE

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1800 Definitions

“Leave of Absence,” as defined in Wis. Stat. §40.02 (40), means any period during which an employee has ceased to render services and receive earnings from a participating employer and there has been no formal termination of the employer-employee relationship.

Wis. Stat. §40.02 (40), provides that a leave of absence, except a military leave or union service leave, shall terminate for Wisconsin Retirement System purposes no later than three years after it begins, or earlier if reported by the employer. If an employee, therefore, continues on leave with the employer after a period of three years, the employer must submit a transaction showing that the employee terminated for WRS purposes three years from the date the leave of absence began. Use termination transaction (“Transaction Type” 01) on the ONE system. The “Action/Termination Date” will be three years from the date the leave of absence began. **The employer can keep the employee on an administrative leave for other non-ETF program fringe benefit purposes, if necessary.**

Note: Wis. Stat. §40.02 (40) states that a leave of absence is not deemed ended or interrupted by reason of returning to work until the employee has resumed active performance of duty for 30 consecutive calendar days for at least 50% of what is considered that employee’s normal work time with that employer. Employee benefits may be continued during approved leaves without pay, according to the guidelines described on the chart on the following page.

A separation or retirement benefit may not be paid to an employee on leave unless the employer/employee relationship is terminated. Contributions left in the WRS accumulate annual interest.

1801 Benefits Upon Termination Due to Permanent Layoff

Benefit Type	How Long is Coverage Available	Payment of Premiums	Employee Required Contributions	Employer Required Contributions
WRS	Contributions and service end on the date the employee terminates.	Employee and employer contributions will end on the termination date. The employee is eligible to take a separation or retirement benefit depending on their age.		
LIFE	If the layoff ends the member's employment with that employer and they're no longer WRS eligible, then they would be treated as a standard termination. Employees insured for six or more continuous months at the time coverage ends may continue or convert life insurance coverage. Refer to the <i>Group Life Insurance Administration Manual</i> , chapter 15 for details.	Employee and employer contributions will end on the last day of the month following the month in which the employee terminated. For example: If an employee is terminated on May 20, 2018, life insurance coverage will end on June 30, 2018.		
HEALTH	Up to four months with employer contribution. Thereafter, employee may continue: 1) if using sick leave credits to pay premiums, for up to five years if the sick leave credits are sufficient; 2) 36 months under continuation provisions, by paying full premium after the employer contribution ends or after sick leave credits are exhausted; or 3) for life, with premiums paid from sick leave or by the employee, if the employee begins an immediate WRS annuity, or has 20 years of creditable service and is eligible for a WRS annuity.	Paid in advance by deduction from last payroll check or by personal check; then 30 days prior to end of the period for which premiums were previously paid. Any employee share must be paid in advance by deduction from the employee's last check or by personal check if not using sick leave credits.	After 3 additional months of employer premium upon layoff, employee is responsible for all employer and employee contributions. Accumulated unused sick leave may be converted to a dollar amount to pay premiums during layoff. Premiums are deducted until the credits are exhausted, 1 st of the month following the employee's acceptance of other employment offering comparable health insurance plan or policy, or five years have elapsed from date of layoff, whichever occurs first.	First 3 months (in addition to any prepaid months at time of termination) after employee is laid off.
ICI	Coverage ends on the termination date. Employees who are receiving ICI benefits continue to receive the benefit for as long as they remain disabled under the terms of the ICI contract.	Employee and employer contributions will end on the termination date.		

If an employee is rehired after termination due to permanent layoff, the employee must meet the same eligibility requirements as any other rehire for WRS benefits, including insurance. Please access ETF's Previous Service & Benefit Inquiry Application at the Online Network for Employers site (<https://etfonline.wi.gov/etf/internet/employer/one.html>) or call the Employer Communication Center at 1-877-533-5020 or 608-266-3285 to see if the employee has taken a benefit after termination.

1802 Benefits During Unpaid Leave of Absence or Temporary Layoff *

Benefit Type	How Long is Coverage Available?	Payment of Premiums	Employee Required Contributions	Employer Required Contributions	Upon Return to Work – How to Reinstate Coverage Lapsed During LOA
WRS	36 months before a statutory termination takes effect, unless on military or union service leave.	A separation or retirement benefit may not be paid to an employee on leave unless the employee terminates the employer/employee relationship. Contributions left in the WRS are subject to annual interest.			Employer begins to make retirement deductions upon return to work and reports annual earnings on annual report at year-end.
LIFE	36 months (beyond 36 months if union service leave).	3-month increments due 30 days prior to end of 3-month period.	Same as prior to leave unless employee contribution rates increase or decrease, or the employee attains a new premium age category.	Continue up to 36 months.	Employee Submits life ins. application ET-2304 within 30 days of return to work. Coverage types will remain the same as coverage types prior to leave or temporary layoff in most circumstances.
HEALTH	<p>36 months (beyond 36 months if military or union service leave).</p> <p><u>For Layoff Only:</u> Up to five years, if using sick leave credits.</p> <p>COBRA coverage after the employer contribution ends, sick leave credits are exhausted or employee is still using credits after five years have elapsed.</p>	Paid in advance by deduction from last payroll check or by personal check; then 30 days prior to end of the period for which premiums were previously paid.	<p>After three additional months upon leave or temporary layoff, total of employer and employee premiums.</p> <p><u>For Layoff Only:</u> Accumulated unused sick leave may be converted by employer to a dollar amount to pay premiums during layoff. Premiums are deducted until the credits are exhausted, first of the month following the employee's acceptance of other employment offering a comparable health insurance plan or policy or five years have elapsed from date of layoff, whichever occurs first.</p> <p>Local Employer - Employee must pay entire premium, unless employer has made provisions for payment for employee.</p>	First three months of leave or temporary layoff.	Employee submits <i>Group Health Insurance Application</i> (ET-2301) within 30 days of return to work. Coverage type will remain the same unless a qualifying event has taken place. Restriction to the same plan unless the employee moved, or an It's Your Choice enrollment period occurred during the leave or temporary layoff.

Benefit Type	How Long is Coverage Available?	Payment of Premiums	Employee Required Contributions	Employer Required Contributions	Upon Return to Work – How to Reinstate Coverage Lapsed During LOA
ICI	36 months (beyond 36 months if union service leave)	Paid in advance by deductions from last payroll check, then due prior to end of coverage so there is no lapse.	After 3 months, total of employer and employee contributions.	First 3 months while on leave or temporary layoff.	Employee submits <i>Income Continuation Insurance Application</i> (ET-2307) within 30 days of return to work. Coverage will remain the same as coverage prior to leave or temporary layoff in most circumstances.
			Local Employer - Employee must pay entire premium unless employer has made provisions for payment for employee.		

* Temporary layoff includes temporary layoff as defined under the applicable contract or administrative code, seasonal layoffs, school-year employee summer layoffs, etc.

1803 Benefits Upon a Military Leave of Absence

Military leaves of absence are treated differently than non-military leaves of absence. Military leaves have special insurance benefits, including employer contributions toward health insurance, and employees should contact their employers for more information. Please refer to Chapter 22 for detailed information regarding military leaves of absence.