

# Wisconsin Retirement System Disability Programs

Department of Employee Trust Funds  
Wisconsin Retirement Board  
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# Wisconsin Retirement System (WRS) Disability Programs

- 1) Income Continuation Insurance (ICI)
  - State
  - UW Faculty/Academic Staff
  - Local
- 2) Long Term Disability Insurance (LTDI) – regular or “special”
- 3) Disability Retirement (40.63) – regular or “special”
- 4) Duty Disability (40.65)

# Income Continuation Insurance (ICI)

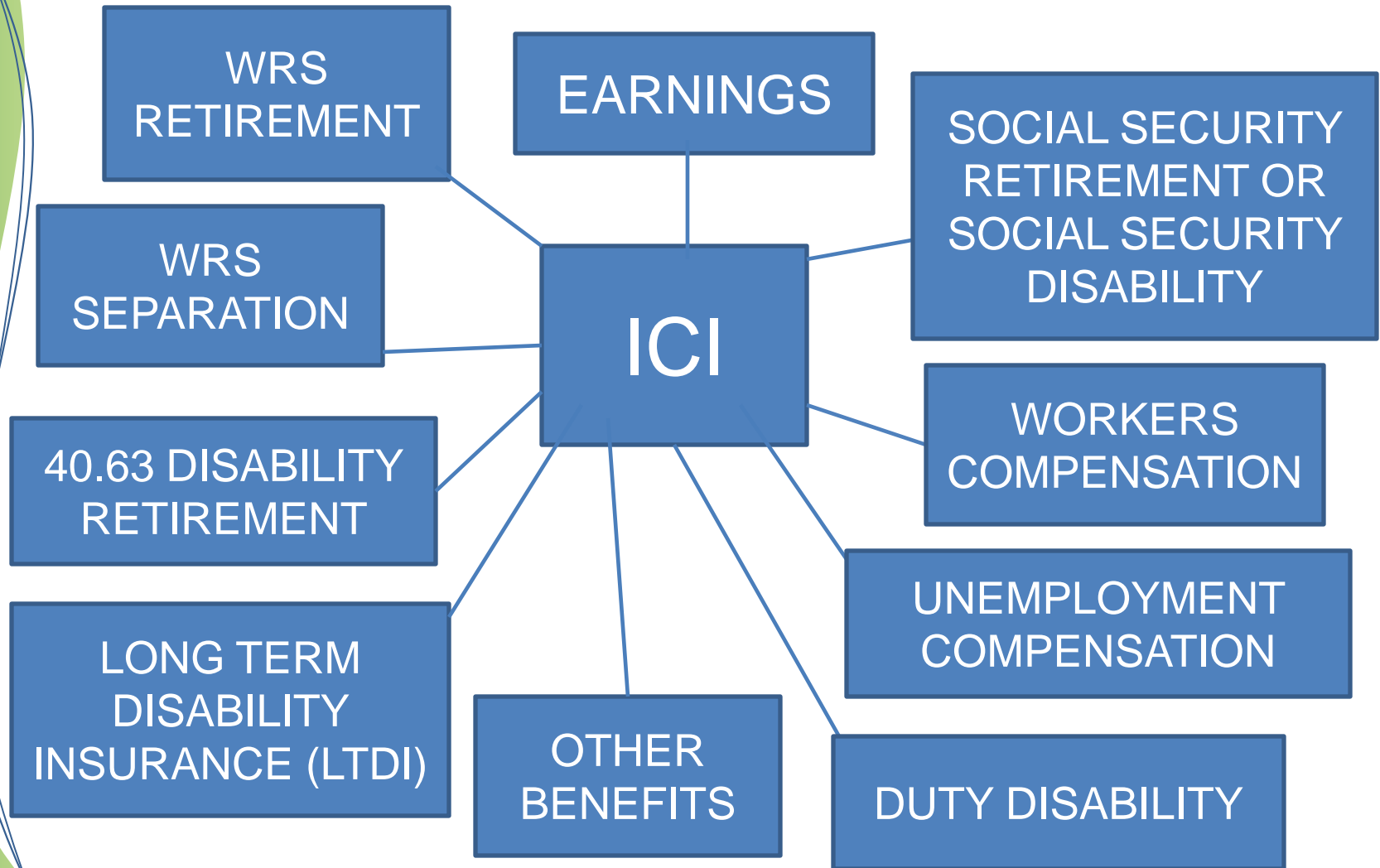
- Income replacement plan
- For disabilities that are considered short term in nature, as well as those that may last for extended periods
- Employee Trust Funds (ETF) Board and the Group Insurance Board (GIB) have authority for administration and oversight
- Funded by employer and employee premiums (premiums based on employee's prior year WRS reported earnings and sick leave balance for state employees)

# ICI

- Voluntary enrollment – all state employees and local employees if employer participates
- Currently administered by a third party
- Physician and employer certification of disability required
- Monthly benefit: 75% of basic salary (maximum \$4,000) and supplemental (maximum \$7,500)
- No death benefits
- Taxable (% based on employee/employer premiums)
- ICI will not duplicate other benefits

# ICI Integration of Benefits

ICI may be reduced/offset by the following:



# Long Term Disability Insurance (LTDI)

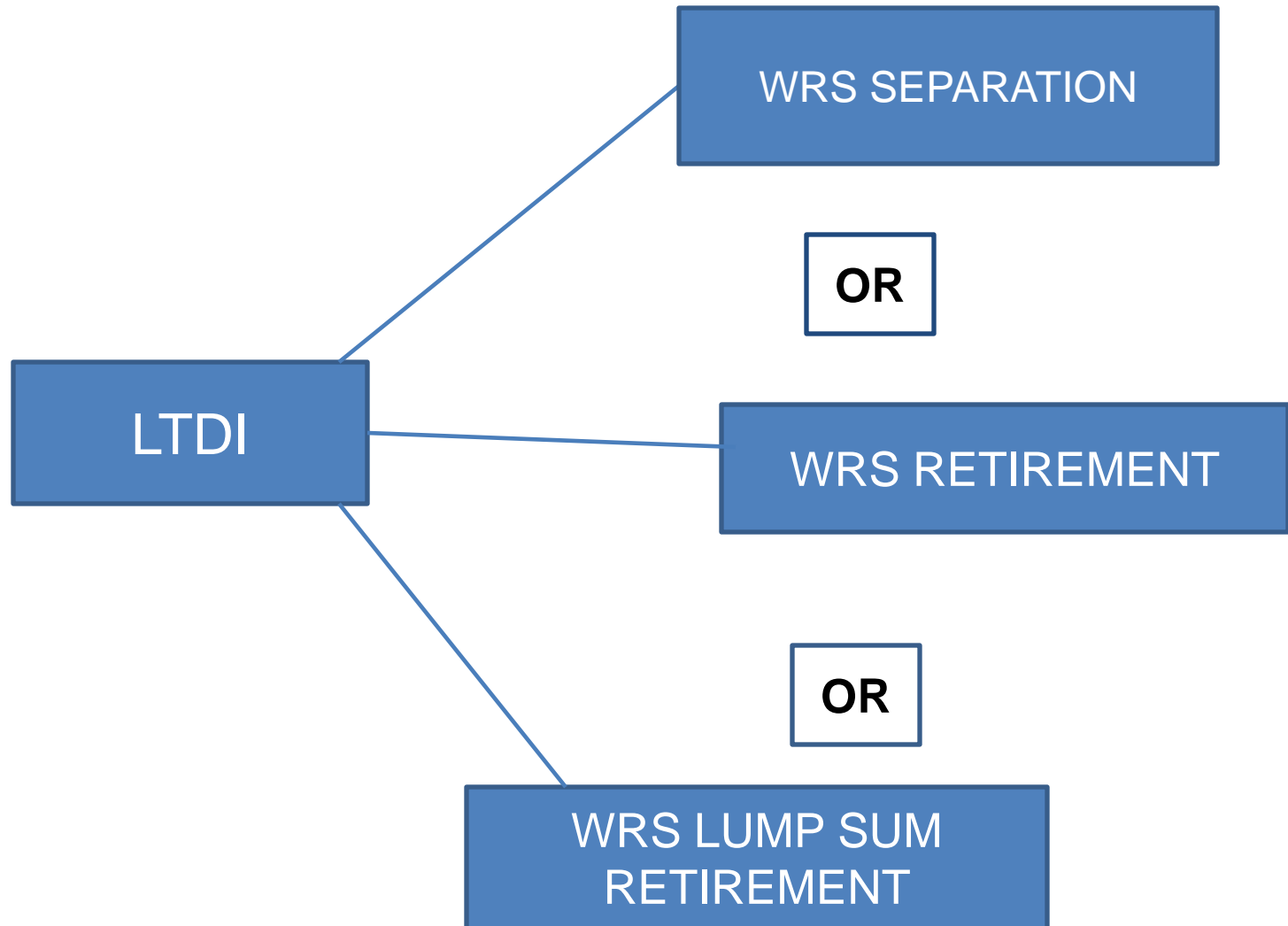
- Insurance benefit
- Available to all WRS employees employed on or after October 16, 1992
- Payable to age 65, exceptions based on age at application
- 7% supplemental contributions applied to retirement accounts (some exceptions apply)
- Currently administered by a third party
- Participant must have stopped working due to disability and must be totally disabled by a mental or physical impairment, which is likely to be of an indefinite duration

# LTDI

- Service requirement: .33 year in 5 of 7 calendar years
- Medical certification and employer certification required
- Calculation: 40 percent (or 50 percent) of final average monthly earnings
- Offsets of WRS benefits apply
- No death benefits
- 100% taxable (federal/state)

# LTDI Integration of Benefits

LTDI may be reduced/offset by the following:





# Disability Retirement (40.63)

- Retirement benefit
- Available to all WRS employees who have been continuously employed by a WRS employer since before October 16, 1992
- Definition of disability: the inability "to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or to be long-continued and indefinite duration"

# 40.63

- Available until Normal Retirement Age (NRA)
- Service requirement: .50 year in 5 of 7 years or a total of 5 years in the last 7 years
- Medical certification and employer certification required.
- Calculation: Retirement formula calculation enhanced with assumed service
- No reductions/offsets
- Death benefit based on annuity option selected
- Taxable (federal/state, exclusions may apply)

# Duty Disability (40.65)

## Overview:

- Income replacement program
- The benefit is for protective employees
- Funded by employer contributions
- Non-taxable benefit
- Not a retirement or annuity benefit
- Death benefits may be payable based on which law was in effect at the time of participant's application

# 40.65

## Eligibility:

- Participants must be in a WRS protective occupation such as a police officer, firefighter, or correctional officer
- The participant must have been injured while performing their job duties or contracted a disease due to their occupation, and must be (permanently) disabled to the extent that they can no longer work full protective duty

# 40.65

## Eligibility:

- Two physicians (licensed and practicing in WI) and participant's employer, certify that the participant is disabled
  - In order to qualify, the participant's disability must:
    - Cause retirement from job, OR
    - Cause a reduction in pay or position, OR
    - Cause work assignment to light duty, OR
    - Adversely affect promotional opportunities
- (Qualifying date = the earliest date one of these changes is reached and is permanent)

# 40.65

## Benefit calculation:

- Benefit effective date is the later of:
  - Employee's qualifying date
  - OR
  - Date the employee's application was received by the Department

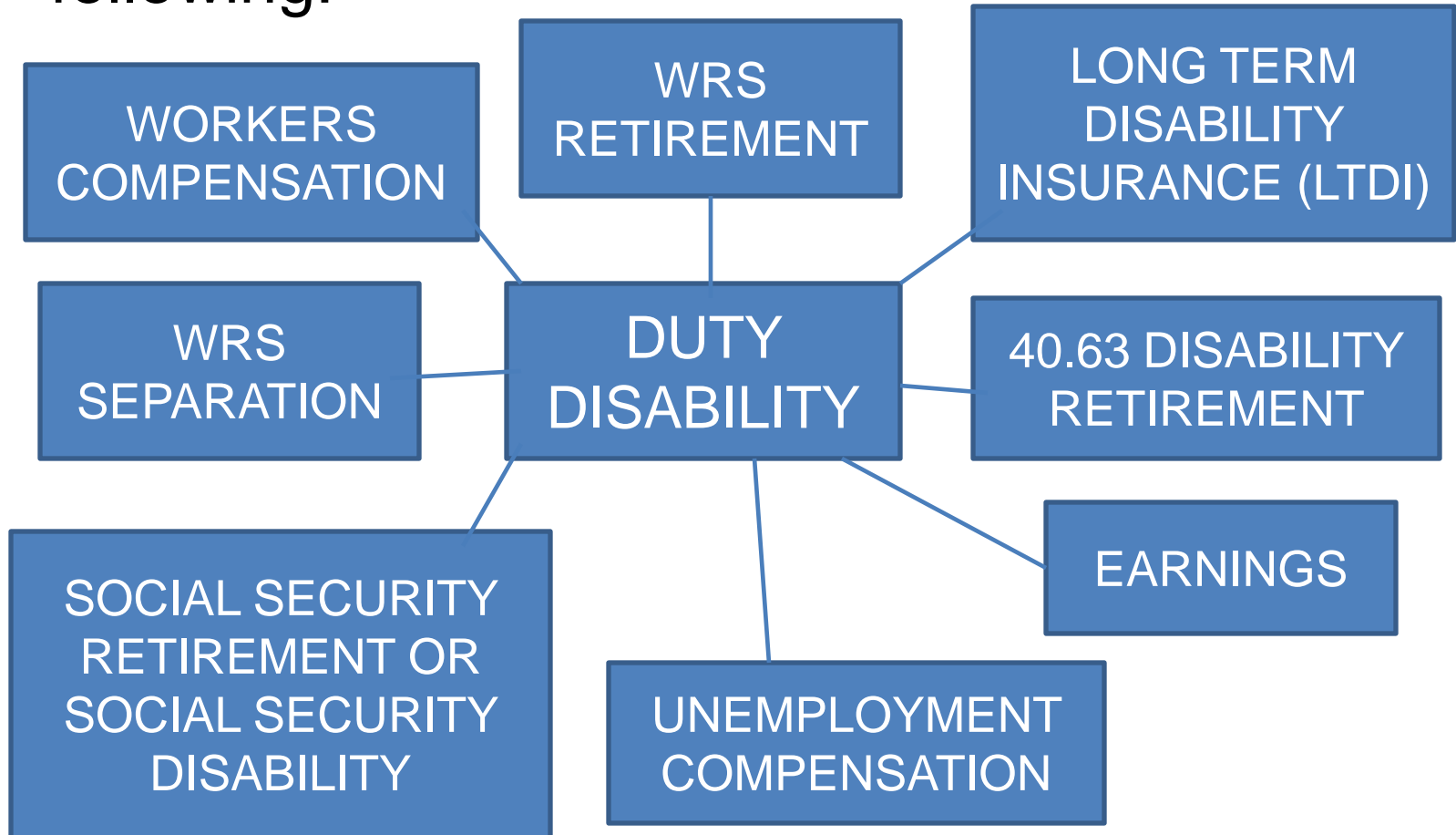
# 40.65

## Benefit calculation continued:

- Monthly salary as of the qualifying date, reported by the participant's employer
  - Overtime may be included if it is regular and dependable – each of the five years prior to the qualifying date
- Benefit is a % of this monthly salary (75% to 80%, with some exceptions)
- Other income sources will offset benefit

# 40.65 Integration of Benefits

Duty Disability may be reduced/offset by the following:





# 40.65 Appeals

Two types of appeals for 40.65:

1. Appeal Denial of Benefit - to the **Workers Compensation Division** of the Department of Workforce Development (DWD)
  - Employer does not certify to the disability
  - Medical does not support disability

# 40.65 Appeals

2. Appeal to the WR Board are for ETF's determination of benefits. The recipient disputes one or more of the following:
  - Qualifying Date
  - Effective Date benefit begins
  - Monthly salary used
  - Offsets/reductions in benefits
  - Any provision regarding benefit amounts under Wis. Statutes 40.65 or WI Adm. Code 52

QUESTIONS?