STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
http://etf.wi.gov

Updated September 19, 2011

RECENT CHANGES TO YOUR WRS/GROUP HEALTH INSURANCE BENEFITS

2011 Wisconsin Act 10 and 2011 Wisconsin Act 32 contain a number of provisions that affect the retirement and health insurance programs administered by the Department of Employee Trust Funds (ETF). Major recent changes to the Wisconsin Retirement System (WRS) include:

- Prohibiting employers from paying the employee share of WRS contributions under most circumstances;
- Making employee-paid contributions pre-tax;
- Changing the formula benefit multiplier for select members;
- Creating a new five-year vesting requirement;
- Modifying the eligibility criteria to enroll in the WRS;
- Reducing the cost of the benefits provided in the state group health insurance program; and
- Increasing health insurance premiums for state employees.

This document is intended to help WRS members understand those provisions. This document only focuses on the provisions that relate to the programs administered by ETF. What follows are frequently asked questions and answers that summarize the provisions that affect WRS benefits and what they mean for our members. This document will be updated frequently as additional information becomes available. Please check regularly for new information and additional resources you may find helpful.

- For the Act 10 language visit: http://docs.legis.wisconsin.gov/2011/related/acts/10.pdf

- For the Act 32 language visit: http://legis.wisconsin.gov/2011/data/acts/11Act32.pdf

- For information about the process that has been used in the past by ETF and the Group Insurance Board to implement legislative changes to the health program and to make modifications to health insurance coverage, go to: http://etf.wi.gov/boards/agenda_items_2011/gib20110208_items/Item_4B.pdf.

- To follow GIB meetings and the materials for GIB meetings, go to: http://www.etf.wi.gov/boards/agendas_gib.htm.

Table of Contents

Questions about the Wisconsin Retirement System (WRS)

Questions about Health Insurance

Questions about the Wisconsin Deferred Compensation (WDC) Program

Questions about Employee Reimbursement Accounts (State Employees Only)

Questions about Sick Leave Credits (State Employees Only)

Questions about the Wisconsin Retirement System (WRS)

1) What is the effective date of the changes to WRS benefits?

- Act 10 (the "budget repair bill") is effective June 29, 2011 and Act 32 (the 2011-2013 Biennial Budget) is effective July 1, 2011. In some circumstances, collective bargaining agreements in place prior to June 29, 2011 may delay the impact of some provisions as specified in the following questions.

2) Are there any changes to the retirement benefits of retired members of the WRS?

- No.

3) How is my contribution to the WRS affected?

- Act 10 made changes to the employee and employer required contributions to the WRS and to what employers are allowed to pay (pick-up) toward WRS contributions for employees.

- Act 10 made changes to WRS contribution rates and how the contributions are allocated to the accounts of WRS members. These changes apply to <u>all</u> WRS members and employers, regardless of whether WRS employers and members had a collective bargaining agreement in place prior to June 29, 2011. The WRS contribution rate changes brought about by the Acts are listed in the table below and are effective June 29, 2011.

- Act 10 prohibited WRS employers from paying the WRS employee required contribution with a few exceptions. This change applies to all WRS employers and all WRS employees who did not have a collective bargaining agreement with provisions to the contrary in place prior to the effective date of Act 10, which was June 29, 2011. Act 10 first applies to employees covered by a collective bargaining agreement with provisions to the contrary on the day on which the agreement expires or is terminated, extended, modified, or renewed, whichever occurs first. If you have questions about your specific situation, you should discuss those with your human resources office.

<u>2011 WRS Contribution Rates</u>

Employment Category	Before June 29, 2011				June 29, 2011 and After		
	EERC	BAC	ERRC	Total	EERC	ERRC	Total
General/Teachers	5.0%	1.5%	5.1%	11.6%	5.8%	5.8%	11.6%
Protective w/SS	5.8%	0%	8.9%	14.7%	5.8%	8.9%	14.7%
Protective w/out SS	4.8%	0%	12.2%	17.0%	5.8%	11.2%	17.0%
Elected/Executive	3.9%	0%	9.4%	13.3%	6.65%	6.65%	13.3%

- WRS contribution rates are adjusted each calendar year, depending on investment performance and actuarial factors. For more information about how contribution rates are determined, visit: http://www.etf.wi.gov/news/2011_Contribution_Rate_FAQ.pdf.

Notes about table above: EERC=employee required contribution; ERRC=employer required contribution; BAC=benefit adjustment contribution

4) Will the WRS contribution that I pay be credited to my account?

- Yes, the entire 5.8% will be employee required contributions. This means that the entire 5.8% will be credited to the employee's account. For most public employees, this will have the effect of increasing the amount payable as a separation benefit, the amount used to calculate "money purchase" retirement benefits and the death benefits payable when a public employee dies before taking a retirement benefit. Act 10 changed the employee required contribution rates, as detailed in the table under question 3.

5) When will the new contributions go into effect?

- The change in the contribution rate is effective June 29, 2011. State employees will see the first new deductions coming out of their August 25, 2011 paychecks. The Department of Administration (DOA) has recommended to local officials that the effective date for WRS, City of Milwaukee and County of Milwaukee pension contribution rate changes parallel as closely as possible the timing for state employees, see http://etf.wi.gov/news/doa0630.pdf. As the DOA letter points out, the first pay period the state will deduct money for the WRS employee required contributions is the pay period from July 31, 2011 to August 14, 2011. Therefore, per DOA's guidance, local employers should consider deducting the WRS employee required contributions from employees on or after the first pay period after July 31, 2011.

6) Are employee contributions to the WRS considered "pre-tax" or "post-tax" contributions?

- Act 32 included a provision to provide that employee required contributions will be made on a pre-tax basis. These pre-tax contributions are allowed under Internal Revenue Code Section 414(h)(2), which provides for pre-tax employee required contributions to a governmental 401(a) plan, such as the WRS.
- "Pre-tax" means that an employee's contributions are not included as taxable income at the time wages are paid (the taxation of this amount is deferred until the participant starts receiving a retirement annuity from the WRS).
- The effective date of the pre-tax mandate is July 1, 2011, which means it will be effective the first pay period that begins on or after July 1, 2011.

7) What is the Benefit Adjustment Contribution (BAC) and how does its elimination affect me?

Act 10 eliminated the Benefit Adjustment Contribution (BAC). Under previous law, the BAC was an employee responsibility unless the employer agreed to pay the BAC portion for the employee. The BAC was credited to the employer reserve, not the employee, regardless of who paid it.

State general category employees were paying 0.2% of their earnings to the WRS as part of the BAC. This BAC is **not** credited to the employees' accounts; therefore, they do not increase the WRS benefits payable from their accounts. The elimination of the BAC will be effective for all WRS members the first pay period on or after June 29, 2011.

8) Will the increase in the employee required WRS contributions affect the cost of buying forfeited service?

- Yes, in most cases the cost will increase. A key factor in the cost of buying forfeited service is the employee required contribution rate **for the category of the forfeited service being purchased**. The employment category in which you are currently working is not relevant; the cost is calculated based on the employment category in which the forfeited service was originally performed.
- Since most employee required contribution rates have increased, the cost of buying forfeited service will increase. The contribution rate used to calculate your cost to buy forfeited service is shown in the bottom line of the cost calculation in Section 1 of a *Forfeited Service Purchase Estimate/Application* form (ET-4315).
- The percentage by which the cost of buying forfeited service will increase depends on the increase in the employee required contribution rate for the employment category of the forfeited service you buy:

Note: The cost of buying forfeited service will generally fluctuate each year, based on annual adjustments to the contribution rates that are actuarially required.

Employment Category of Service Being Purchased	Employee Contribution Rate Through June 28, 2011	Employee Contribution Rate Effective June 29, 2011	Percent Increase
General/Teacher/ Educational Support	5.0%	5.8%	16.0%
Executive/Elected Officials/Judges	3.9%	6.65%	70.5%
Protective with Social Security	5.8%	5.8%	No Change
Protective without Social Security	4.8%	5.8%	21.0%

9) Will the calculation used by ETF to calculate a formula retirement benefit change for some members?

- Yes. The only category of employees affected is the “executive/elected officials/ judges” category. This category generally includes members of the legislature, unclassified executives and other elected officials. This group currently has a formula factor of 2.0%. The formula factor will be reduced to 1.6%, consistent with general category employees. This change is effective June 29, 2011.

10) What is the new vesting provision and who does it impact?

- The new vesting requirement applies to an employee who initially becomes a WRS member on or after July 1, 2011. Members who begin WRS employment on or after July 1, 2011 must accrue five years of creditable service to be vested in the WRS. (*Note: for part-time employees, accruing five years of creditable service may take longer than five years*.) Members that begin WRS employment on or after July 1, 2011 that do not accrue five years of creditable service before terminating WRS employment will not be eligible to receive the employer contributions of their WRS account. They will only be eligible for a separation benefit, which includes any employee contributions and related investment earnings. The employer contributions and years of creditable service would be forfeited and their WRS account closed.

- If a member were to work in a WRS-covered position for less than five years, leave that position, and subsequently return to a WRS-covered position without having taken a separation benefit, that person's WRS employee and employer contributions would be unaffected by the termination (meaning their account would remain whole). They would also receive creditable service toward the five-year vesting requirement for years worked in the previous WRS-covered position.

11) What are the participation requirements to be eligible for the WRS?

- Act 32 requires that an employee who begins employment on or after July 1, 2011 must work at least two-thirds of what is considered full-time to qualify for participation in the WRS. Secondly, the employee must be expected to be employed for at least one year (365 consecutive days, 366 in leap year). The provision would not apply to a person employed by a WRS employer prior to July 1, 2011, in which case the old statutory WRS eligibility criteria would apply.

- Two-thirds of full-time per year is defined as:
  - **1,200** hours for general personnel, or;
  - **880** hours for teachers and school district educational support staff (not including educational support staff for technical college and other educational institutions).

- Employees hired to work nine or ten months per year, (e.g., teacher contracts), but expected to return year after year, are considered to have met the one-year requirement.

- The changes outlined in Act 32 <u>do not</u> modify the eligibility criteria for anyone initially employed by a WRS participating employer prior to July 1, 2011, to include both WRS eligible and non-WRS eligible employees. The eligibility criteria regarding expected hours for these employees remains at least <u>one-third</u> of full time per year (600 and 440 hours). As such, there may be cases where employees do not have prior service with the WRS, yet the person worked for a WRS employer. In these circumstances, the old eligibility criteria would apply, not the Act 32 provisions.

Revised 9/19/11

12) Can public employees who work for a WRS employer opt out of the WRS?

- No, current law prohibits participating employees from opting out of the WRS. Allowing WRS members to opt out of the WRS may ultimately have a detrimental impact on the sustainability of the WRS and would very likely increase contribution rates for employees and employers remaining in the WRS. Belonging to the WRS involves pooling risk and benefit by funding the system through employer and employee contributions. If public employees were not obligated to participate, adverse selection may result in lower system revenue while liabilities increase. This may result in underfunding the WRS. In addition, allowing individual members to opt out of the WRS could result in disqualification of the WRS as a tax-qualified pension plan.

- Federal tax laws that regulate plans like the WRS provide favorable tax treatment to compensation that is deferred for retirement in exchange for the assurance that employees cannot take the money out in cash prior to retirement. Allowing existing employees who are already paying an employee share to opt out of paying their contribution while still accruing the employer share may violate the tax status of the WRS, because the IRS may see this as allowing active employees the option to have access to the cash value of a portion of their pension prior to retirement.

13) I have an individual compensation and fringe benefit agreement/contract with my employer and it isn't a collective bargaining agreement (CBA). Do the collective bargaining provisions affect my agreement/contract with my employer?

- ETF does not play a role in the enforcement and interpretation of CBAs and the collective bargaining changes. ETF recommends you consult with your employer to determine how the new legislation affects the agreement you have with your employer.

14) There has been a lot of media coverage about the financial health of pension systems across the nation. Is the WRS fully funded and able to pay benefits?

- Yes. The WRS is fully funded and able to pay benefits to current and future WRS members.

15) There has also been a lot of media coverage about the benefit levels of the WRS and how those benefits compare to the benefits in the private sector and the retirement systems in other states. How do the benefit levels of the WRS compare?

- ETF does not track information about how public sector pension benefits compare to private sector benefits. For information about how WRS benefits compare to the benefits of other **public sector retirement systems**, please find below a link to the *2008 Comparative Study of Major Public Employee Retirement Systems,* published by the Wisconsin Legislative Council. Pages 25-30 provide information about benefit calculations.

http://legis.wisconsin.gov/lc/publications/crs/2008_retirement.pdf

Questions about Health Insurance

***16)* What action did the GIB take to adjust the health insurance 2012 *<u>Uniform Benefits</u>* package for *state employees* and *non-Medicare eligible annuitants* in order to comply with Act 10?**

- Act 10 required the GIB to reduce the cost of the health plans by at least 5%. These benefit changes will be effective January 1, 2012 for active state participants and non-Medicare retirees. The chart below outlines the Uniform Benefits for 2011 and 2012 for state employees and non-Medicare eligible annuitants:

ONLY State Non-Medicare Contracts (Actives and Early Retirees)		
	UNIFORM BENEFITS 2011	**UNIFORM BENEFITS 2012**
Routine, Preventive* Services	100%	No change from current.
Illness/Injury Related Services	100%	90% coinsurance/10% patient responsibility with an OOPM** of $500 single / $1,000 family.
Emergency Room Copay	$60 per visit.	$75 per visit*** (This copay does *not* accumulate toward the annual OOPM*).
Durable Medical Equipment	80% coinsurance/20% patient responsibility with an OOPM** of $500 single / $1,000 family.	No change from current.
Hearing Aids (adults age 18 and older)	80% coinsurance/20% patient responsibility with a maximum plan payment of $1,000 per hearing aid. • Hearing aids no more than once every 3 years	No change from current.
Hearing Aids (younger than age 18)	100% coinsurance, no limit. • Hearing aids no more than once every 3 years	90% coinsurance/10% patient responsibility. Accumulates to the OOPM** of $500 single / $1,000 family.
Prescription Drug Coverage	$5/$15/$35 Level 1, 2 and 3 copays. Level 1 and 2 copays accumulate to a separate, drug only $410 single / $820 family OOPM**.	No change from current.

* The list of federally required preventive services is available at: http://www.healthcare.gov/center/regulations/prevention/taskforce.html.
** OOPM= Annual Out of Pocket Maximum.
*** Emergency services, after you pay the copay, are subject to the 90%/10% coinsurance up to the OOPM.

***17)* What health insurance changes are planned for *state employees* and *non-Medicare eligible annuitants* covered under the *<u>Standard Plan</u>* for 2012?**

- Following is a list of important benefit changes that will be effective January 1, 2012 for active state participants and non-Medicare retirees. The chart on the next page outlines the Standard Health Plan for 2011 and 2012 for state employees and non-Medicare eligible annuitants. It is not designed to be a list of all benefit changes. Detailed information will be available prior to the It's Your Choice Enrollment period.

ONLY State Non-Medicare Contracts (Actives and Early retirees)				
	STANDARD PLAN 2011		**STANDARD PLAN 2012**	
	Preferred Provider	**Non-Preferred Provider**	**Preferred Provider**	**Non-Preferred Provider**
Annual Deductible	$100 single / $200 family	$500 single / $1,000 family	$200 single / $400 family	$500 single / $1,000 family
Annual Coinsurance & OOPM**	100%/0% (except for mental health/alcohol and drug treatment)	80%/20% to $2,000 single/ $4,000 family	90%/10% to $800 single/ $1,600 family	70%/30% to $2,000 single/ $4,000 family
Routine, Preventive* Services	Subject to deductible	Subject to deductible & coinsurance	100% coverage	Subject to deductible & coinsurance
Illness/Injury Related Services	Subject to deductible	Subject to deductible & coinsurance	Subject to deductible & coinsurance	Subject to deductible & coinsurance
Emergency Room Copay	Subject to deductible	Subject to Preferred Provider deductible	$75 per visit*** (Copay does *not* add toward the annual OOPM**).	$75 per visit*** (Copay does *not* add toward the annual OOPM**).
Durable Medical Equipment	Subject to deductible	Subject to deductible & coinsurance	Subject to deductible & coinsurance	Subject to deductible & coinsurance
Hearing Aids	• For members under 18, subject to deductible, no limit. • Aids no more than once every 3 years.	• For members under 18, subject to deductible & coinsurance, no limit. • Aids no more than once every 3 years.	• For members under 18, subject to deductible & coinsurance coverage, no limit. • Aids no more than once every 3 years.	• For members under 18, subject to deductible & coinsurance coverage, no limit. • Aids no more than once every 3 years.
Prescription Drug Coverage	$5/$15/$35 Level 1, 2 and 3 copays. Level 1 and 2 copays add to a $1,000 single / $2,000 family OOPM**.	$5/$15/$35 Level 1, 2 and 3 copays. Level 1 and 2 copays add to a $1,000 single / $2,000 family OOPM**.	No change from current.	No change from current.

* The list of federally required preventive services is available at:
http://www.healthcare.gov/center/regulations/prevention/taskforce.html.
**OOPM= Annual Out of Pocket Maximum includes deductible.
***Emergency room services, after you pay the copay, will apply to the Preferred Provider deductible, coinsurance, and OOPM.

18) Are there any changes to COBRA coverage?

- Beginning January 1, 2012, both the state and local group health insurance programs will align with Federal COBRA coverage (an 18-month maximum that may be increased to 29 to 36 months in special federally mandated circumstances) except as required by state continuation law. For information on COBRA coverage and enrollment please contact your employer.

19) When does health insurance coverage end for *state employees* who terminate employment?

- Beginning January 2012, health insurance program coverage for an employee will end at the end of the month in which the state employee terminates employment. Any premiums collected in advance will be refunded to the employer and employee, respectively. Previously, coverage continued through the end of the month in which premiums were paid.

20) What are the new 2011 *state employee* health insurance premium contribution amounts for health plans for each tier? Act 10 specified the following new amounts:

State of Wisconsin Employees Tier	Single Rate for Premium Contribution	Family Premium Rate for Premium Contribution
Tier – 1	$84	$208
Tier - 2	$122	$307
Tier - 3	$226	$567
Graduate Assistants Tier		
Tier – 1	$42	$104
Tier - 2	$61	$153.50
Tier - 3	$113	$283.50

- Your payroll/benefits/personnel office will inform you when these deductions will appear on your paycheck. For most people, you will see this in your August 2011 health insurance paycheck deduction.

21) Can I change from family to single coverage, or cancel my health insurance coverage through the State of Wisconsin Group Health Insurance program since my premium share increases?

- ***State and UW Employees:*** Yes. If you have your employee premium contribution taken **pre- tax**, federal regulations governing Internal Revenue Code Section 125 usually restrict mid-year changes to your coverage. However, a significant cost change is an event that permits a coverage change. The employee premium cost increase for health insurance coverage is deemed to be a significant increase and is a qualifying event.
    - You may change from family to single or cancel your coverage* anytime through 30 days after the date of the first paycheck from which the increased employee premium is to be deducted. Check with your payroll representative for the date that applies to you. The increased premium deductions are expected to be effective in August, 2011. The family to single coverage change or cancellation will be effective the later of the end of the month on or following your employer's receipt of your application* or the end of the month of the date the premium increase applies.
    - If you have your employee contribution share taken **post-tax**, you can change from family to single coverage or cancel your health insurance at any time by submitting an application***** to your employer.

- ***Participating Wisconsin Public Employers (WPE) (Local Government) Employees and WPE (Local Government) Annuitants Receiving Employer Contribution:*** Check with your employer. If your contribution is deducted on a pre-tax basis, you may be limited to changing or cancelling coverage at the end of the benefit year unless you have a qualifying event.

- ***State Annuitants, participating WPE Annuitants Not Receiving Employer Contribution and Continuants:*** Yes, you can change from family to single coverage or cancel your health insurance at any time by submitting a cancellation notice***** to ETF.

- State employees and annuitants must have family coverage in force through the State of Wisconsin Group Health Insurance Program for your insured dependents to be able to continue coverage as a survivor and to be able to use or escrow your sick leave credits to pay for health insurance, should you die.

- State and participating WPE employees, annuitants and their dependents who lose coverage when you voluntarily cancel family coverage (regardless of whether you go from family to single or cancel coverage) are NOT eligible to continue under this program through <u>COBRA</u> provisions.

- Before you choose to become covered under your spouse's or domestic partner's health insurance plan, confirm with the other plan that you can enroll if you cancel your health insurance coverage. The plan may not allow you an enrollment opportunity if you voluntarily cancel your coverage, but may allow your spouse or partner and dependents to enroll without restriction.

NOTE: You can only change back to family coverage at the following times:

- During the annual *It's Your Choice* enrollment period for coverage effective January 1.
- By submitting an application***** within 30 days of a marriage, domestic partnership, or a dependent's loss of eligibility or employer contribution for other health insurance coverage.
- By submitting an application***** within 60 days of a birth, adoption or when legal guardianship is granted.

***** You may submit family to single coverage changes or cancellations electronically through the new myETF Benefits Online Health Insurance Enrollment System** or on a paper ***Health Insurance Application/Change Form*** (ET-2301). For myETF Benefits instructions, see Pages 4 and 5 of the *It's Your Choice: 2011 Decision Guide*. Submitting a change through the myETF Benefits system can be completed within 30 days of the event (i.e., the date that the increased premium is first deducted from your paycheck). The myETF Benefits system does not allow a coverage change request to be entered using a future event date. Prospective cancellations can be submitted, requesting a future coverage end date of August 31, 2011 or September 30, 2011 only. Retroactive effective dates for cancelling coverage are not allowed.

**Employees of the University of Wisconsin should submit a paper application.

22) What other enrollment opportunities are available and what new opportunities will be effective January 1, 2012?

- As is currently in place, you may enroll in the State of Wisconsin Group Health Insurance Program without any restrictions within 30 days of losing eligibility or employer contribution for other group health insurance coverage.

Some enrollment opportunities are changing for 2012:

- In October 2011, the annual It's Your Choice Enrollment period will become an Open Enrollment period, where uninsured and eligible State of Wisconsin and participating WPE employees and State of Wisconsin annuitants may file an application to join the group health insurance program to be effective January 1, 2012. This provision does not apply to uninsured WPE annuitants.

- For the remainder of 2011 you may enroll at any time under the Standard Plan, but you and any insured family members older than age 19 will be subject to a 180-day waiting period for pre-existing conditions. However, this opportunity will not be available after December 31, 2011.

- State employees must have coverage in force through the State of Wisconsin Group Health Insurance Program at the time of retirement or layoff to be able to use sick leave credits to pay for health insurance. Beginning January 1, 2012, State of Wisconsin employees who are planning to retire may enroll in the program immediately prior to retirement in order to be eligible to convert accumulated sick leave conversion credits.

23) I have family coverage through the State of Wisconsin Group Health Insurance Program and only one of my insured dependents is a non-tax dependent. I need to keep my family coverage; but can I drop my non-tax dependent, so that I no longer have to pay imputed taxes?

- You may only drop your non-tax dependent at the following times:
  - Within 30 days of your dependent enrolling in other health insurance coverage.
  - Your dependent loses eligibility, for example, turns 27 years old. Note that 2011 Wisconsin Act 32 lowers this age limit to 26, beginning January 1, 2012.
  - During the annual It's Your Choice Enrollment period. Your dependent's coverage will terminate the following January 1.

24) I have family coverage and just cover my spouse/domestic partner, who also works for the State of Wisconsin (or, effective for January 1, 2012, for an employer who participates in the Wisconsin Public Employers group health insurance program). Can we switch from one family to two single policies, or transfer my family coverage to my spouse/domestic partner, if my premium share increases?

- ***Spouse Coverage:*** Yes, if you have family coverage and cover only yourself and your spouse, you may switch to two single policies or do a spouse-to-spouse transfer. If you have your employee contribution share taken **pre-tax**, federal regulations governing Internal Revenue Code Section 125 restrict mid-year changes to your coverage. However, a significant cost change is an event that permits a coverage change. The employee premium cost increase for health insurance coverage in 2011 is a significant increase.

  - You may submit changes electronically through the new myETF Benefits Online Health Insurance Enrollment System** or on a paper *Health Insurance Application/Change Form* (ET-2301). For myETF Benefits instructions, see Pages 4 and 5 of the "*It's Your Choice: 2011 Decision Guide*." Submitting a change through the myETF Benefits system can be completed within 30 days of the event (i.e., the date that the increased premium is first deducted from your paycheck). Check with your payroll representative for the date that applies to you. The transfer of family coverage or change from one family to two single contracts will be effective the later of the first of the month on or following your employer's receipt of your application form or the first of the month after the date of the premium increase. Your spouse must submit an application to enroll for coverage to be effective on the date his or her coverage would end under your policy.

  - If you have your employee contribution share taken **post-tax**, you and your spouse can switch to two single policies or transfer family coverage to your spouse at any time.

- ***Domestic Partner Coverage:*** If you have family coverage and cover only you and your domestic partner who is a non-tax dependent, you may switch to two single policies, or switch family coverage to your domestic partner at any time. This is because the value of the health insurance coverage attributable to the non-tax dependent is taxed as imputed income; therefore, Internal Revenue Code Section 125 rules governing pre-tax elections do not apply.

**Employees of the University of Wisconsin should submit a paper application.

Questions About Other ETF Benefits

25) May I roll my accrued sabbatical time to the Wisconsin Deferred Compensation (WDC) Program?

- Yes, provided you have experienced a qualifying event such as separation from service or retirement. Here's how you can roll sabbatical time into your WDC account:

  1. You must have a WDC account. If you are not yet enrolled, download the enrollment form from the WDC's website at www.wdc457.org under Enroll Now. Complete the form and fax it to the WDC office in Madison at (608) 241-6045.

  2. You will need to know the exact dollar amount of your sabbatical time and the date of the check that will include your sabbatical payout. Your payroll staff may be able to help you determine the amount of your sabbatical time. When determining the amount you wish to defer to the WDC, keep in mind that FICA and any normal deductions you have coming out of your paycheck will also be withheld from the sabbatical check, and therefore you want to be sure that the amount you choose to defer leaves enough money in the check for FICA and the other deductions. If you estimate a WDC deferral amount that is too large, you may end up having $0 deferred to the WDC from your sabbatical check.

  3. You may defer up to the federal limits in the WDC Program. The 2011 federal deferral limits are:
     - $16,500 for everyone;
     - $22,000 for participants age 50 and older; and
     - $33,000 for participants who qualify and have had an application processed for the Catch-up Provision (information on the Catch-up Provision can be found on the WDC's website under *Forms and Brochures*, or by calling the WDC's office at (877) 457-9327, Option 2 or local Madison (608) 241-6604).

  4. Once you know the amount you wish to defer and the date of your sabbatical check, contact the WDC's call center toll-free at (877) 457-9327, Option 0 or log on to the WDC's website (www.wdc457.org) with your username and password to request a one-time deferral change.

NOTE: The WDC can process this request for you as long as you give the WDC approximately 30 days notice. If you are beyond the date on which the WDC can make the change, you will have to ask your payroll person if they are willing and able to manually process your sabbatical contribution to the WDC.

- If you have any questions about WDC contribution limits and/or setting up the one-time deferral change, please call the WDC at (877) 457-9327, Option 2.

26) Can I make changes to my employee reimbursement account (ERA) elections (state employees only)?

- Unfortunately, an increase in employee insurance premiums is not an event for which federal regulations allow you to make a mid-year change. For information about valid change in status events that allow you to make a mid-year change to your election, see Pages 24 to27 of the ERA benefits booklet.
  http://etf.wi.gov/publications/era_2011_booklet.pdf

- However, participation in the Employee Reimbursement Accounts (ERA) program can help to offset increased health care expenses that may result from the new health program coinsurance provisions. Watch for more ERA program information during the fall enrollment period.

27) What is the status of the Accumulated Sick Leave Conversion Credit Program (ASLCC) and the Supplemental Health Insurance Conversion Credit Program (SHICC)?

- If you are a **state** employee with questions about the Accumulated Sick Leave Conversion Credit Program (ASLCC) and the Supplemental Health Insurance Conversion Credit Program (SHICC), please read the information below before contacting ETF.
  - Although ETF administers the ASLCC and SHICC programs, ETF does not play a role in determining the amount of sick leave that employees receive, or whether and how much of it may be accrued. Those matters are defined in state law, the compensation plan for non-represented state employees and the labor agreements for represented state employees.
  - Section 9143 of Act 10 states that "upon termination of any collective bargaining agreement between the state and a labor organization representing employees in a collective bargaining unit under section 111.825 (1) or (2) of the statutes, as affected by this act, the director of the Office of State Employment Relations (OSER) may continue to administer those provisions of the collective bargaining agreements that the director determines necessary for the orderly administration of the state civil services system until the compensation plan under section 230.12 of the statutes is established for the 2011−13 fiscal biennium.

- **DOA issued the following statement on June 10, 2011 to state agencies:**

  "There are no provisions in Act 10 that would impact SHICC benefits and, at this point, there are no provisions in the 2011-13 biennial budget currently before the Legislature that would impact SHICC benefits. Act 10 had included a study to evaluate a number of benefit issues, including, but not limited to, the SHICC program. The study was to be conducted by OSER, ETF and DOA and was to have been due by June 30, 2012. This provision was removed from the bill prior to passage of Act 10. There are no plans by the Administration either in pending legislation or in development of the 2011-13 compensation plan that will be submitted to JCOER to eliminate the SHICC program."