State of Wisconsin

Accumulated Sick Leave Conversion Credit Program (ASLCC)

Supplemental Health Insurance Conversion Credit Program (SHICC)

Fact Sheet

Program Preview

- Created by Wis. Stat. § 40.05 (4) (b).
- The ASLCC Program was first authorized in 1972; the SHICC program was first authorized in 1995.
- The Department of Employee Trust Funds and the ETF Board have statutory authority for program administration and oversight [Wis. Stat. § 40.05 (4) (b) and § 40.95].
- The Division of Personnel Management authorizes the continuation of the SHICC program through administrative rule and the compensation plan.

Program Features

Sick Leave Accumulation

- For most state of Wisconsin employees, sick leave accrues at the rate of five hours every two weeks to a maximum of 16.25 days a year. Unused sick leave hours accumulate from year to year and are converted at retirement to pay health insurance premiums.
- Unused conversion credits continue to pay for health insurance premiums until the balance is less than or equal to the insurance premium. When this happens, future premiums are paid by the retiree or surviving dependent.
- The sick leave account balance may be escrowed after retirement for participants who provide evidence of comparable health insurance coverage from another source.
- Sick leave credit conversion accounts have no cash value and do not accrue interest over time.

Eligibility and Enrollment

Who is Eligible for the ASLCC Program?

- Insured† state employees who meet one of the following:
  - Receive a WRS disability benefit, long-term disability insurance benefit or a protective occupation duty disability benefit under s. 40.65.
  - Retire on an immediate retirement annuity.
  - Retire and receive a lump-sum benefit.
  - Terminate employment with 20 years of WRS-creditable service but defer their retirement benefit application.
- State constitutional officers, members or officers of the legislature, state agency or department heads appointed by the governor with Senate confirmation, heads of legislative service agencies and employees with 20 years of WRS-creditable service terminating before their retirement age (providing they do not elect a WRS separation benefit).
- Surviving insured† spouses and dependents are eligible to use ASLCC credits to pay health insurance premiums upon the death of the employee or retiree.
- Employees on layoff status may use sick leave credits to pay health insurance premiums for a maximum of five years from the date of layoff.

Who is Eligible for the SHICC Program?

- A state employee must meet the requirements to participate in the ASLCC program and have at least 15 years of adjusted continuous state service
- Surviving insured spouses and dependents are eligible to use SHICC credits to pay health insurance premiums upon the death of the employee or retiree. (*Insured* means covered under the state group health insurance program as either a subscriber or a dependent under another state employee's or retiree's plan.)

Converting Sick Leave Credits

ASLCC Program

- The conversion credit amount is computed at the time of layoff, retirement or death:

Number of hours of unused sick leave	x	highest basic hourly pay rate received while employed by the state	=	ASLCC program sick leave credits

- The conversion credit is used to pay the full cost of health insurance premiums for the employee and eligible dependents until it is exhausted or for up to five years for employees on layoff.

SHICC Program

- Supplemental credits are converted at the employee's highest hourly rate of pay while employed by the state.
- The supplemental benefit matches sick leave credits for participants retiring with 15 or more years of adjusted continuous state service.

Protective occupation employees:

Match up to 78 hours (9.75 days) per full year of service through 24 years	+	104 hours per full year of service over 24 years	=	SHICC program matching sick leave credits

Other employees:

Match up to 52 hours (6.5 days) per full year of service through 24 years	+	104 hours per full year of service over 24 years	=	SHICC program matching sick leave credits

- The program includes a provision for the restoration of 500 hours of sick leave credits upon retirement, layoff, or death, provided at least 500 hours of accrued sick leave were used for a single injury or illness during the three years immediately preceding the retirement, layoff from state service or death while in state service.

Additional Information About ASLCC and SHICC

- Unused conversion credits (without interest over time) continue to pay for health insurance premiums until the balance is less than or equal to the insurance premium. When this happens, future premiums are paid by the retiree or surviving dependent.
- The sick leave account balance may be escrowed after retirement for participants who provide evidence of comparable health insurance coverage from another source.
- Sick leave credit conversion accounts have no cash value.
- For more information, see the *Sick Leave Credit Conversion Program* (ET-4132) brochure.

Funding for ASLCC and SHICC

Both sick leave conversion programs are pre-funded, based on a percentage of payroll as recommended by the ETF Board's consulting actuary. The current cost to employers is 0.8% of covered payroll. It is reviewed annually and designed to generate sufficient income to support benefits while maintaining a level percent of contribution from year to year.

ASLCC and SHICC Statistics as of December 31, 2020

Active state employees earning sick leave		74,099*
Accrued unused sick days		5,903,077 days
Averages for active employees:	Age	44.8 years
	Years of service	10.6 years
	Sick leave days	79.7 days
Retirees and beneficiaries		17,979**
Total annual premiums paid from sick leave accounts (ASLCC and SHICC)		$ 156,004,006
Program assets:	ASLCC	$ 1,703,084,418
	SHICC	$ 1,093,080,063

* Employees who do not have 15 or more years of adjusted continuous state service are **not** eligible to participate in the SHICC program.

** Does not include 5,804 escrowed accounts or 423 preserved accounts. Escrowed accounts relate to members who have retired but are not yet using sick leave credits to pay for health insurance premiums. Preserved accounts relate to members who have terminated from State Employment with 20 or more years of service and will be eligible to begin using sick leave credits to pay for health care premiums upon reaching retirement age.