

BENEFIT INFORMATION FOR LAID-OFF EMPLOYEES

This sheet contains general information about benefits for laid-off employees. These benefits do not necessarily apply to all state employees. An employee who has received a layoff notice should contact a Payroll/Benefits Specialist to continue any applicable insurance coverage described on this information sheet and to obtain information and premium rates. Continuation arrangements must be made before the last workday to ensure that insurance coverage is not terminated.

SICK LEAVE, VACATION, HOLIDAYS, TERMINATION/SABBATICAL, AND COMPENSATORY TIME

If laid off, an employee will be paid for all earned but unused vacation, holiday, term/sabbatical and compensatory time. Vacation time will be prorated based on the number of hours during the year the employee was in pay status, and used vacation time will be deducted. Because vacation is given at the beginning of the year, with the assumption the employee will be in pay status for the entire year, the amount of vacation will be less than the balance currently shown on the employee's leave accounting record. Overdrafts will be deducted from an employee's final paycheck.

Laid-off employees have two options to consider regarding use of accumulated unused sick leave:

- Laid-off employees may use accumulated sick leave credits to pay health insurance premiums as explained below.
- Employees eligible for a retirement annuity or with more than 20 years of creditable Wisconsin Retirement System (WRS) service also may elect to convert sick leave to pay health insurance premiums upon retirement (or later).

Accrued sick leave, minus any amount used to pay health insurance premiums while laid off, will be restored to the employee *if* the employee returns to state service within five years. Sick leave credits will be lost if they are not used for health insurance payment or the employee does not return to state service within five years of the layoff date.

RETIREMENT BENEFITS

WRS contributions and creditable service ends on the date the employee is terminated (which includes layoff). Employees are eligible to take a separation benefit from the WRS. Complete termination of employment is required to obtain a separation benefit payment. Employees are strongly encouraged to carefully read the materials from ETF and thoughtfully consider the implications before electing a separation benefit. When accepting a separation benefit, employees forfeit the employer share of WRS contributions, as well as the associated creditable service.

General employees who are age 55 or older, and protective employees age 50 or older, may be able to retire and would then be eligible for employer *and* employee contributions toward retirement. General and protective employees who are under ages 55 and 50, respectively, who leave their contributions in the retirement system, maintain eligibility for employer and employee contributions toward retirement.

Any questions regarding retirement benefits should be directed to the Department of Employee Trust Funds, 801 W. Badger Rd., Madison, WI 53713, at (608) 266-3285, or 1-877-533-5020.

HEALTH INSURANCE

While in pay status, an employee's health insurance premiums are pre-paid two months in advance. Upon layoff, the State will continue its share of the premium for an additional three months. The employee's share of health insurance premiums for the additional three months must be pre-paid *prior to the effective date of the layoff*.

Employees who choose to continue their health insurance coverage beyond the additional three-month period must pre-pay the **entire** monthly premium (i.e., both the employee's and the employer's share). If coverage is not continued, the employee must submit a new application to a Payroll/Benefits Specialist within 30 days of returning to state service. Coverage will become effective the first of the month on or after receipt of the application.

Laid-off employees may use accumulated sick leave credits to pay health insurance premiums as explained below. Laid-off employees will be offered *COBRA Continuation as an option to extend health insurance should sick leave credits be minimal or when the credits are exhausted.

HEALTH INSURANCE PREMIUM PAID BY SICK LEAVE

Through the Accumulated Sick Leave Conversion Credit Program (ASLCC), an employee may request conversion of accumulated sick leave credits to dollar credits at the employee's highest base pay rate while in state service, to pay health insurance premiums during the layoff period. Employees with at least 15 years of adjusted continuous service are also eligible to convert sick leave credits granted under the Supplemental Health Insurance Conversion Credit Program (SHICC). Employees should contact a Payroll/Benefits Specialist regarding SHICC eligibility. State employees who are laid off (either permanently or temporarily) *and* who are covered under the state group health insurance program on their last day in pay status, may use sick leave credits to pay health insurance premiums for up to five years after the layoff begins **or** until reemployed by the State **or** until obtaining employment that offers comparable health insurance coverage, whichever occurs first. At the time of reinstatement or restoration (recall), any unused dollar credits will be re-converted to sick leave and restored to the employee's

sick leave account. If rights to use sick leave to pay health insurance premiums due to layoff end, the laid-off employee may continue health insurance coverage under *COBRA for up to 36 months.

Any employee who wants to have accumulated sick leave converted to pay health insurance premiums must submit a written request to the agency payroll office before the effective date of the layoff. Only the employee's share of health insurance premiums will be charged against sick leave credits for the first three months. After the first three months, the entire monthly premium (i.e., both the employee's *and* the employer's share) will be charged against the sick leave credits. The employee also must notify a Payroll/Benefits Specialist in their former agency if employment qualifying the employee for health insurance is obtained elsewhere.

LIFE INSURANCE

Employee life insurance coverage will end the month following the month in which the employee terminates. Various rules exist regarding continuation of coverage or conversion to an individual policy. Contact a Payroll/Benefits Specialist for more information.

INCOME CONTINUATION INSURANCE

Coverage ends on the last day of employment.

EPIC-MAJOR MEDICAL/DENTAL/ACCIDENTAL DEATH & DISMEMBERMENT

Coverage may continue and is not dependent upon continuation of membership in the WRS. Laid-off employees will be offered *COBRA. This coverage SUPPLEMENTS rather than REPLACES basic health insurance coverage. Contact EPIC Life Insurance Company, P.O. Box 8430, Madison, WI 53708-8924, at 1-800-520-5750 for details. If coverage is not continued, a new application must be submitted to a Payroll/Benefits Specialist within 30 days of returning to work. Coverage will become effective the first of the month on or after receipt of the application.

EMPLOYEE REIMBURSEMENT ACCOUNT (ERA)

Laid-off employees will be offered the opportunity to continue their participation in the ERA program. While continuation does not offer the same tax advantages as active participation in the program, it does allow the employee access to money already paid into the plan for expenses eligible for reimbursement which have not yet occurred.

DEFERRED COMPENSATION

Laid-off employees should contact the Wisconsin Deferred Compensation Program (WDC) within 60 days of termination or layoff to discuss benefit options. Contact the WDC at www.wdc457.org or toll-free 1- (877) 457-WDCP (9327). The WDC telephone lines are open 7 am to 7 pm weekdays.

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There is no continuation or conversion of this policy available after termination of employment.

VISION & DENTAL

Laid-off employees will received *COBRA continuation coverage options for both plans.

UNEMPLOYMENT INSURANCE

Any laid-off employee must contact the Unemployment Insurance Office to apply for UI benefits.

***COBRA NOTE:** The American Recovery and Reinvestment Act of 2009 reduces the COBRA premium in some cases. The premium reduction is available to certain individuals who experience a qualifying event that is an involuntary termination of employment during the period beginning September 1, 2008 and ending February 28, 2010. If an employee qualifies for the premium reduction the employee need pay only 35 percent of the COBRA premium otherwise due to the plan (and the former employer will pay 65 percent). This premium reduction is available for up to nine months. If COBRA continuation coverage lasts for more than nine months the employee will have to pay the full amount to continue COBRA coverage.

EMPLOYEE ACTION REQUIRED

To continue any or all current insurance benefits, contact:

_____ at _____ before the last day of work.