Sick Leave Conversion Credit Program

Sick Leave Conversion Credit Program

WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS

ET- 4132 (5/2009)

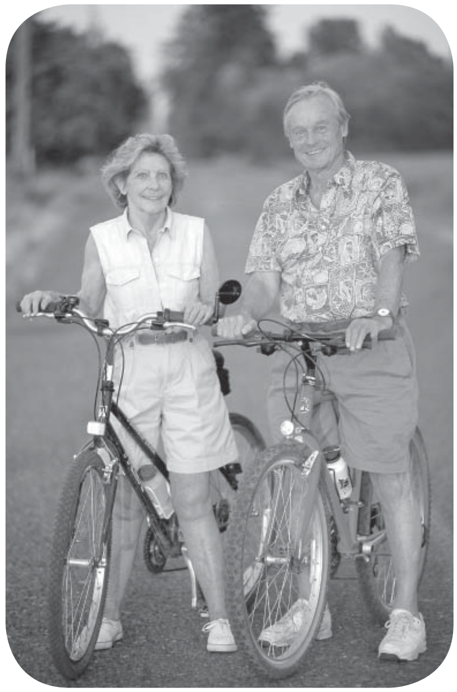


TABLE OF CONTENTS

Cover Photo by Linda Esser

Introduction

An important fringe benefit available to State of Wisconsin employees is sick leave. Most employees earn and, depending on usage, will accumulate hours of unused sick leave while they are employed with the state. Upon retirement (regular or disability), layoff or death, if eligible you can use your unused sick leave credits to pay post-retirement state group health insurance premiums for you, your spouse and dependents. However, once your sick leave credits are exhausted you are responsible for the full amount of the premiums. Consequently, the value of your unused sick leave to pay your health insurance premiums after leaving state service provides a strong financial incentive for you to use your sick leave as sparingly as possible.

There are two sick leave credit programs for State of Wisconsin employees: the Accumulated Sick Leave Conversion Credit (ASLCC) Program, which began in the early 1970's; and the Supplemental Health Insurance Conversion Credit (SHICC) Program, which became available in 1995. If you are eligible, your employer reports your ASLCC and SHICC sick leave credits to the Department of Employee Trust Funds (ETF). ETF deducts your health insurance premiums from your sick leave credit balance and pays the premiums to your health insurance plan.

Your unused sick leave credits cannot be "cashed out" when you leave state employment, nor can they be used to pay premiums for Medicare or for any health insurance plans other than the state group health insurance.

General Information

The most common situation occurs when a state employee who is insured under the state's group health insurance begins receiving a retirement (or disability) benefit immediately after retirement. The state group health insurance coverage continues, and health insurance premiums are **automatically** deducted from sick leave credits until those credits are exhausted. In this situation, you do not need to take any action. Once the sick leave credits are exhausted, premiums are automatically deducted from your monthly Wisconsin Retirement System (WRS) annuity.

Once your sick leave credits are exhausted, if the amount of your monthly annuity is greater than your health insurance premium, the premiums must be deducted from your annuity. You may cancel your health insurance coverage if you do not wish to have the premiums deducted from your annuity by notifying ETF in writing. Your health insurance coverage will end on the first of the month after ETF receives your written request to cancel.

If you wish to continue coverage after your sick leave credits are exhausted, but your WRS annuity is too small to cover your premiums, you must pay the premiums directly to your health insurance carrier.

While the most common situation is a state employee retiring, beginning a retirement benefit immediately and continuing the health insurance coverage for life, not every state employee terminates under these circumstances. This brochure provides detailed information about when you are eligible to use your sick leave credits to pay post-retirement state group health insurance premiums, how your sick leave credit balance is calculated, and options and requirements if you wish to delay using your accumulated sick leave credits. It also explains the circumstances under which your surviving spouse and/or dependents can use any remaining unused sick leave credits to pay health insurance premiums after your death.

Eligiblity to Use Sick Leave Credits to Pay Post-Retirement Health Insurance Premiums

To be eligible to use sick leave credits, you (or your insured surviving spouse and dependents) must meet the applicable eligibility requirements. You **must** be covered under the state group health insurance plan when you terminate state employment to be eligible to use your sick leave credits to pay post-retirement health insurance premiums. However, there are some exceptions to this requirement (See the following provisions A, D, and E).

Note: You are considered "covered" under the state group health insurance program if you are **either** *the subscriber* **or** *are a dependent covered under your spouse's family state group health insurance plan. Either type of coverage qualifies you as being "covered" under the state group health insurance program for sick leave credit eligibility purposes.*

You are eligible to use your sick leave credits to pay state group health insurance premiums if you meet any one of these criteria:

A. You are covered under the state group health insurance program when you terminate state employment and retire on an "immediate annuity."[1] **You are considered an "annuitant" regardless of whether you receive a monthly annuity or a lump sum retirement benefit.** You must be at least minimum retirement age (age 55, or age 50 for protective category employees) to receive a retirement benefit. A separation benefit is not a retirement benefit and does not qualify you as an annuitant since it is only payable before you reach minimum retirement age.

B. You qualify for a WRS disability benefit, Long-Term Disability Insurance benefits or a protective occupation duty disability benefit under s. 40.65, Wis. Stat. and were covered under the state group health insurance program on your last day in pay status. If coverage lapses before your benefit is approved, you will have a one-time 30-day period in which you can re-enroll for coverage and subsequently use your sick leave credits to pay premiums.

C. You have 20 years of WRS creditable service[2]; are covered under the state group health insurance program at termination; **and** are eligible for an immediate retirement benefit, but you choose not to apply for your retirement or disability benefit immediately. In this situation you can continue your health insurance coverage after termination and use your sick leave credits to pay the premiums, regardless of whether you have applied for your retirement benefits. To be eligible under this provision you must either:
   - Continue your state group health insurance coverage and pay premiums from your sick leave credits, OR
   - If you have other health insurance coverage that is comparable to the state group health insurance, and you want to preserve your sick leave credits to use at a later date, you can elect to escrow your sick leave credits (see the "Escrowing Sick Leave Credits" section on page 7).

---

[1]***An "immediate annuity"*** *is defined as an annuity that begins within 30 calendar days after your termination date. It is therefore possible to terminate employment shortly before reaching your minimum retirement age and still qualify for an "immediate" annuity. When determining whether you qualify for an immediate annuity, an important fact to consider is that a WRS annuity that does not become effective on the day after your WRS termination date can only begin on the first day of a month. Contact ETF before your termination date if you have questions about whether you will qualify for an immediate annuity.*

[2]***The 20 years of WRS creditable service*** *do not all have to be employment working for the State of Wisconsin; it includes all covered WRS employment, as well as military and purchased service (other than Other Governmental Service). If a portion of your WRS service has been awarded to your former spouse through a Qualified Domestic Relations Order (QDRO), the years of service that would have been credited to your account if your account had never been divided by a QDRO will be used to determine whether you meet the "20 years of WRS creditable service" requirement.*

D. If you terminate with 20 years of WRS creditable service[2] but are not eligible for an immediate annuity, you can only use your sick leave credits to pay premiums when you later become a WRS annuitant.

*Note: You do **not** need to be covered under the state group health insurance program when you terminate state employment to qualify under this provision. However, if you last terminated state employment before July 26, 2003, this provision does not apply to you.*

When you become an annuitant, you **must** either enroll in the state group health insurance program, **or** file an escrow application with ETF (see the "Escrowing Sick Leave Credits" section) if you do not want to enroll at that time because you have comparable coverage elsewhere. If you do not either enroll in state group coverage **or** escrow your sick leave credits at that time, you will lose your eligibility to use your sick leave credits.

If you are covered under the state group health insurance program on your termination date, you have the option of continuing your coverage at termination. However, you are responsible for paying the premiums directly to the health plan out-of-pocket until you apply for your retirement benefit. You **cannot** use your preserved sick leave credits to pay your premiums until becoming a WRS "annuitant."

E. If you are either a state constitutional officer, a member or an officer of the legislature, or the head of a state department or agency who was appointed by the governor with senate confirmation, and are not eligible for an immediate annuity when you terminate state employment, you can enroll in group health insurance coverage and use your sick leave credits to pay premiums when you become an "annuitant."

*Note: You do **not** need to be covered under the state group health insurance program when you terminate state employment to qualify under this provision.*

If you are covered under the state group health insurance plan when your state employment terminates, and you are not eligible for an immediate retirement annuity, you will receive information from your employer about your eligiblity to continue your health insurance coverage for up to 36 months. However, you would not be eligible to use your sick leave credits to pay the premiums for that continuation coverage. You are only eligible for lifetime health insurance continuation rights and to use your sick leave credits to pay premiums when you become a WRS annuitant.

Once you become an annuitant, you **must** either enroll in the state group health insurance program **or** file an escrow application with ETF (see the "Escrowing Sick Leave Credits" section) if you do not want to enroll at that time because you have comparable coverage elsewhere. If you do not either enroll in state group coverage **or** escrow your sick leave credits when you become an annuitant, you will lose your eligibility to your sick leave credits.

F. If you are a state employee who is laid off (either permanently or temporarily) and are covered under the state group health insurance program on your last day in pay status, you can use your sick leave to pay your health insurance premiums for up to five years after your layoff begins **or** until you are reemployed by the state, **or** until you have employment that offers comparable health insurance coverage, whichever occurs first. In this situation, your employer deducts the premiums from the dollar value of your sick leave hours and reduces your hours of accumulated sick leave accordingly. Your employer is then responsible for paying the premiums directly to the carrier.

Spouse and/or Dependent Eligibility After Your Death

After your death, your surviving insured spouse and/or dependents may be eligible to use your sick leave credits to pay state group health insurance premiums. They can qualify under any one of the following conditions:

A. If you are covered by the state group health insurance program under a family policy on your date of death **and** you are **either** employed by the state on the date of death **or** you are receiving a retirement or disability benefit, your **insured** spouse and/or dependents can use your unused sick leave credits to pay premiums after your death.

B. If you have preserved sick leave credits as described either in provision D or E in the previous section, "Eligibility to Use Sick Leave Credits to Pay Post-Retirement Health Insurance Premiums", **and** you die before becoming a WRS annuitant, your surviving spouse and/or dependents can use your sick leave credits regardless of whether or not you are covered under the state group health insurance program at your death. If you had state group coverage at termination, it does not matter whether you had single or family coverage in force.

C. If you die while your sick leave credits are escrowed (see "Escrowing Sick Leave Credits" section), your surviving spouse and/or dependents are eligible to use your escrowed sick leave credits to pay state group health insurance premiums as long as you and your surviving spouse (and/or any dependents) had comparable coverage in force during the entire period that your sick leave credits were escrowed.

Note: When a surviving spouse or dependent of a deceased state employee or annuitant is eligible for state group health insurance coverage and is eligible to use the decedent's sick leave credits to pay the premiums, the insured surviving spouse or dependent cannot add a new dependent to his/her policy who was not insured at the time of the decedent's death (e.g. a new spouse). For example, if an insured surviving spouse of a deceased state employee or annuitant remarries, his/her new spouse cannot be added to the surviving spouse's policy. However, a dependent who was not eligible for coverage on the decedent's date of death but later becomes eligible could be added. Examples: 1. A child of the decedent born after the date of death; 2. A child between ages 19 and 25 who was not a full-time student on the date of death but becomes a full-time student.

Calculating Accumulated Sick Leave Conversion Credits (ASLCC)

When you terminate State employment, if you are eligible to use your sick leave credits to pay premiums your payroll office reports the number of hours of unused sick leave to ETF along with the hourly rate of pay to be used to calculate your ASLCC balance. You should direct any questions about your hours of unused sick leave to your payroll representative.

To calculate your ASLCC balance, your hours of unused sick leave are multiplied times your highest[3] base hourly rate of pay[4] with the state. Once the final amount has been calculated (including any corrections reported by your employer, retroactive adjustments due to contract settlements, etc.), your ASLCC balance does not accrue any interest. Your ASLCC balance cannot be divided by a Qualified Domestic Relations Order (QDRO). The only changes to your ASLCC balance occur when health insurance premiums are deducted.

If you are simultaneously employed in two or more permanent state positions with separate state employers and have unused sick leave from each position, each of your employers must report your hours of unused sick leave to ETF. The hours from all positions are converted based on your single highest rate of pay.[3]

Calculating Supplemental Health Insurance Conversion Credits (SHICC)

If you are eligible to use your sick leave credits to pay post-retirement health insurance premiums, **and** you have at least 15 full years of adjusted continuous service[5] with the state when you terminate state employment, you are also eligible for SHICC. SHICC benefits are additional hours of sick leave that increase your sick leave account balance.

Like your ASLCC balance, your SHICC balance does not accrue interest, has no cash value, and cannot be divided by a QDRO. Premiums must first be deducted from your ASLCC balance; SHICC credits can only be used after your ASLCC balance is exhausted.

SHICC benefits are authorized and defined in the state compensation plan for non-represented employees and in collective bargaining agreements for represented employees. Consequently, it is possible for the SHICC benefits to be different for employees under each of the various collective bargaining agreements and for non-represented employees. However, to date the SHICC benefits have been the same for all represented and non-represented employees[6]. The only difference in SHICC benefits for different employee groups is that protective retirement category employees are eligible to receive more hours than non-protective employees.

Your payroll representative is responsible for determining whether you are eligible for SHICC, and if you qualify, for calculating the number of SHICC hours for which you are eligible. Your SHICC hours are calculated based on your years of adjusted continuous state service and your hours of unused sick leave at termination. Your payroll representative reports your SHICC hours to ETF along with your actual hours of unused sick leave. Please direct any questions you may have about your SHICC hours to your payroll representative.

SHICC hours are calculated differently for protective employment category employees than for other employment categories.

---

[3] *Prior to July 26, 2003, ASLCC account balances were calculated based on basic hourly rate of pay at termination, rather than the highest rate of pay. If you terminated state employment prior to July 26, 2003, your ASLCC must be calculated based on the base rate of pay at termination*

[4] *Exception: Certain supplemental pay for teachers, teacher supervisors and education directors is added to the base rate of pay used to calculate the ASLCC balance. Contact your payroll representative with any questions about this provision.*

[5] *Your "years of continuous service" are calculated based on the date you began employment with the state and exclude any breaks in state employment. "Years of continuous service" are based on personnel rules, and are completely separate from your years of creditable service under WRS. Your years of state continuous service can either be greater or fewer than your years of WRS creditable service. Contact your payroll representataive for information about your years of continuous service.*

[6] *Exception: At the time that this brochure was printed, state employees represented by the Wisconsin State Building Trades Negotiating Committee do not have SHICC benefits included in their contracts.*

1. **Non-Protective Employment Categories**
   - For your first 24 full years of adjusted continuous service, you can receive matching hours of sick leave up to a maximum of 52 hours per year, multiplied times your full years of adjusted continuous service.
   - For your full years of continuous service over 24 years, you can receive matching hours of sick leave up to a maximum of 104 hours per year, multiplied times your full years of continuous service over 24 years.

     Example: A state employee has 28 full years of continuous service with the state, and retires with 2,150 hours of unused sick leave (ASLCC). In addition to the 2,150 ASLCC hours, this person would also be eligible for 1,664 hours of SHICC. If the highest base rate of pay with the state was $22.50 per hour, he or she would have sick leave credits of $85,815.00 available to pay post-retirement state group health insurance premiums.

24 years x 52 =	1,248	hours
4 years x 104 =	+ 416	hours
	1,664	maximum possible number of SHICC hours
	+ 2,150	ASLCC hours
	3,814	total hours converted to sick leave credits
	x $22.50	per hour
	$85,815.00	**available to pay health insurance premiums**

2. **Protective Employment Categories**
   - For your first 24 full years of adjusted continuous service, you can receive matching hours of sick leave up to a maximum of 78 hours per year, multiplied times your full years of adjusted continuous service.
   - For your full years of continuous service over 24 years, you can receive matching hours of sick leave up to a maximum of 104 hours per year, multiplied times your full years of continuous service over 24.

     Example: A protective occupation retirement category state employee with 28 full years of continuous state service (all protective) retires with 2,150 hours of unused sick leave (ASLCC). In addition to the 2,150 ASLCC hours, this individual would also be eligible for 2,150 hours of SHICC. If the highest base rate of pay with the state was $22.50 per hour, he or she would have sick leave credits of $96,750.00 available to pay post-retirement state group health insurance premiums

.

24 years x 78 =	1,872	hours
4 years x 104 =	+ 416	hours
	2,288	**maximum possible hours SHICC**

This person's maximum possible number of SHICC hours is 2,288. However, since SHICC hours **match** the actual hours of unused sick leave up to a maximum number, the SHICC hours cannot exceed the employee's actual hours of unused sick leave.[7] Since this person has less than 2,288 actual hours of unused sick leave, the SHICC hours are limited to the **matching** 2,150 hours.

2,150	ASLCC hours
+ 2,150	matching SHICC hours
4,300	total hours converted to sick leave credits
x $22.50	per hour
$96,750.00	available to pay health insurance premiums

Note: If you have both protective and non-protective state service, the maximum SHICC hours for which you are eligible is prorated, based on your full years of protective vs. non-protective service.

[7] *Exception: Your SHICC hours could exceed your actual hours of sick leave if you qualify for the special SHICC sick leave restoration described in number 3 on the next page.*

3. **Special SHICC Sick Leave Restoration:** If it has been necessary for you to use at least 500 hours of accrued sick leave **due to a single personal illness or injury** during the three-year period immediately prior to retirement, layoff or death, you (or your surviving spouse or dependents if you die while still employed) will be granted 500 SHICC hours when you terminate employment. You (or your surviving spouse or dependents) may be required to provide medical documentation of your illness or injury to your employer.

Escrowing Sick Leave Credits

Although you are eligible to use your sick leave credits to pay state group health insurance premiums after retirement, you may instead have comparable health insurance coverage through another source. Such coverage could be through other post-retirement employment, through your spouse's health insurance plan, or through some other source. In this case, you may wish to preserve your sick leave credits for use at a later date by escrowing your sick leave credits. You can escrow your sick leave credits multiple times, though no more than once each year.

Note: No interest is credited to your unused sick leave balance. Since your sick leave balance does not increase with interest, but the cost of health insurance premiums normally increases each year, the value of your unused sick leave credits may diminish while your sick leave credits are held in escrow.

You can only escrow your sick leave credits under this provision if you have health insurance coverage through another source that is "comparable" to the state group insurance coverage. "Comparable coverage" is health insurance with benefits that are substantially equivalent to the State of Wisconsin's Standard Plan. For health insurance coverage to be considered "comparable" it must meet certain criteria, including but not limited to:

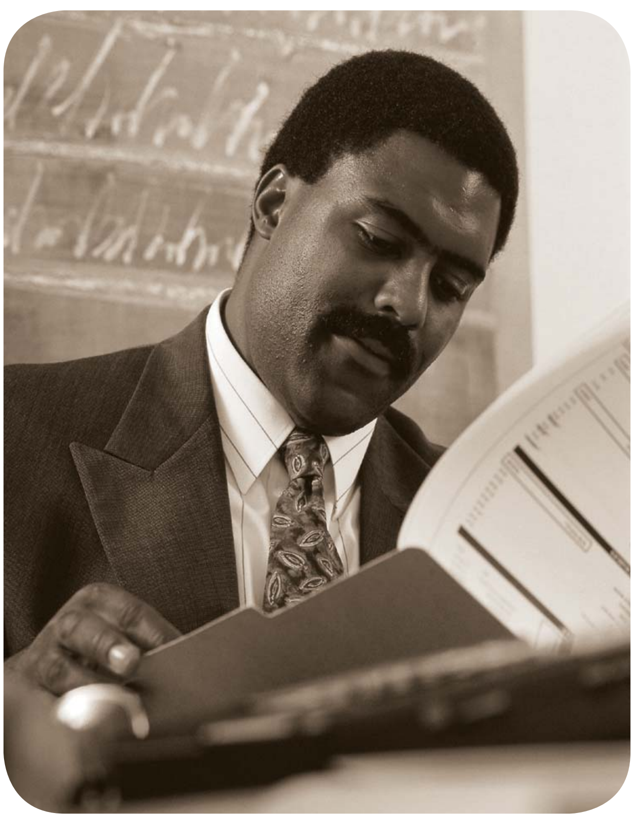
- Pharmacy benefits: Policies without pharmacy benefits would not be considered comparable. For example, a Medicare Part D Prescription Drug Plan may not be considered comparable.
- Level of deductibles, copayments, and coinsurance: While these need not be identical to the Standard Plan, they should be comparable. For example, a catastrophic policy with high deductibles (e.g. $500 or more) would not be considered comparable.
- Comprehensive coverage: Policies that are limited to certain diseases, such as cancer, are not comparable. The same is true of policies with low maximum benefit levels, whether lifetime or per illness.
- Entitlement programs such as Medicaid, Medicare, Veteran's Administration benefits and similar programs are not considered "insurance," and therefore are not considered to be comparable health insurance coverage. However, health insurance programs for which veterans are eligible, such as Tri-Care or CHAMPUS, are considered comparable coverage. For a Medicare supplemental plan to be considered comparable, it must be equivalent to the State Medicare Plus $1,000,000 Standard Plan and would have to supplement Medicare Parts A, B **and** D. Many Medicare supplemental plans do not meet this level of coverage.

In general, most employer group health insurance plans are more likely to meet the comparable coverage requirement, while private individual plans may be less likely to be considered "comparable" coverage.

Your comparable health insurance coverage must be in force at the time you escrow your sick leave credits. There can be no break in health insurance coverage. Also, your comparable coverage **must** remain continuously in force until you are re-enrolled in the state group health insurance program again. A break in coverage could result in the loss of your eligibility to use your sick leave credits.

To escrow your sick leave credits, you must file a *Sick Leave Escrow Application* form (ET-4305) with ETF. **Your sick leave credits are not escrowed automatically; you must file an escrow application form with ETF.** The escrow application is available on ETF's internet site, or you can contact ETF in writing, by phone or through our internet site (www.etf.wi.gov) to request an escrow application form. Your sick leave credits will be escrowed on your retirement date or at the beginning of the month after ETF receives your signed escrow form, whichever is later.

After you have elected to escrow your sick leave credits, you can apply to re-enroll in the state group health insurance program at one of two times:



1. You can apply to re-enroll in state group health insurance program during the annual Dual-Choice enrollment period, which occurs each October. You can elect that your state group coverage begin on the first day of any month during the following year.

2. If you involuntarily lose your comparable coverage, you can re-enroll in the state group health insurance program by applying no later than 30 days after the date on which your comparable coverage ends. (If your surviving spouse and/or dependents have escrowed your sick leave credits after your death, your survivors can re-enroll by applying no later than 30 days after the date on which their comparable coverage ends.) ETF will require documentation verifying the involuntary loss of comparable coverage.

   Note: If you involuntarily lose your comparable coverage, you may be offered continuation rights for that coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA). You may choose to elect to exercise your COBRA continuation rights; however, please be aware that if you do not apply to re-enroll in the state group insurance program within 30 days after your (pre-COBRA) comparable coverage ends, your re-enrollment is restricted to the provisions in number 1 above. There is no enrollment period available at the time that your COBRA coverage ends.

If you die while your sick leave credits are escrowed, your surviving spouse and/or dependents may be eligible to use your converted sick leave credits to pay state group health insurance premiums when they return to state group health insurance coverage. They must be insured under a comparable family policy during the entire period during which your sick leave credits are escrowed. They have this right regardless of whether you had single or family coverage in force when your sick leave was escrowed and your state group coverage ended.

If your surviving spouse and/or dependents do not wish to enroll in the state group health insurance program immediately upon your death because they still have comparable coverage, they can elect to escrow your sick leave credits. **Again, these sick leave credits are not escrowed automatically; your spouse and/or dependent(s) must file the escrow application form with ETF.** They can later re-enroll in the state group health insurance program under the same conditions as you could have re-enrolled (see numbers 1. and 2. on left.).

Two Married State Employees

Frequently two state employees are married to each other, both have accumulated sick leave, and one spouse maintains family coverage in the state group health insurance program that covers both parties. In this situation, as long as family state group coverage remains in force, no escrow application is necessary to preserve either spouse's sick leave credits after termination.

Example 1: Spouse 1 terminates state employment while Spouse 2 remains employed by the state and carries the family group health insurance coverage. If Spouse 1 is otherwise eligible to use sick leave credits to pay post-retirement premiums, his or her sick leave credits are automatically "banked" for future use with no escrow application required.

Example 2: Both spouses retire from the state at the same time with family coverage in force, and both spouses are eligible to use their sick leave credits to pay premiums. Spouse 1 maintains family coverage, and premiums are deducted from his or her sick leave credits. While premiums are being deducted from Spouse 1's sick leave credits, Spouse 2's sick leave credits are "banked" for use at a later date. No sick leave escrow application is required. The two spouses can change the account from which premiums are deducted at their discretion. However, the premiums must be deducted from the "subscriber's" sick leave account. (The subscriber is the person in whose name the health insurance coverage is maintained.)

In these situations, when you terminate state employment, you do not need to take any action to preserve either your sick leave credits or your spouse's credits **as long as family coverage remains in force**. The only time an escrow application would be necessary is if you or your spouse cancel your state group coverage because you become covered under comparable health insurance coverage (see "Escrowing Sick Leave Credits" section). In this situation both you **and** your spouse must file escrow applications with ETF to preserve your respective sick leave credits during the period in which you have the comparable coverage.

In some cases, each spouse may choose to carry single coverage, rather than one spouse carrying family coverage. If one spouse then dies with unused sick leave credits while single coverage is in force, the deceased spouse's sick leave credits are lost. The surviving spouse and/or dependents can only use the deceased spouse's sick leave credits if <u>family</u> coverage was in force on the deceased spouse's date of death. This is true both while you are actively employed with the state and after you retire.

Surviving Spouse Actively Employed in a State Position

A surviving spouse of a deceased state employee who is eligible to use the decedent's sick leave credits to pay for health insurance premiums may be(come) employed by the State and qualify for state group health insurance coverage as an active employee.

The surviving spouse can **either** elect coverage as an active employee, with the (state) employer paying a portion of the premium, **or** the spouse can have health insurance coverage as a surviving dependent of the deceased state employee and have premiums deducted from the decedent's sick leave credits.

If the surviving spouse's active state employment is in a part-time position that is less than 50%, the employer only pays 50% of the premiums. If the surviving spouse chooses coverage as a surviving spouse, the full amount of the premiums will be deducted from the decendent's sick leave credits until they are exhausted. However, if the surviving spouse chooses coverage as an active employee, the surviving spouse must actually pay the 50% employee share of the premiums; the 50% employee share of the premium cannot be deducted from the decedent's sick leave credits.

Rehired Annuitants

If you retire from the state and later return to state employment **in a position that qualifies for WRS coverage**, you may be able to earn additional ASLCC and SHICC credits. However, whether you can earn additional sick leave credits depends on whether you elect to become covered under the WRS.

- **Upon re-employment, you may choose to file an election with ETF to terminate your annuity and become covered under the WRS.**[8] If you have remaining ASLCC and/or SHICC balances, the dollar balances in those accounts are "frozen" as of the date you again become covered under the WRS. When you "re-retire," your employer reports to ETF any additional unused hours of sick leave that you earned after returning to work, along with any additional SHICC hours. Any additional SHICC hours earned would be calculated based only on the number of unused hours of sick leave that you accrued after returning to state employment.

To qualify for the additional sick leave credits when you "re-retire", you must be covered under the state group health insurance as an active employee with at least one premium deduction from your paycheck. Contact your payroll office for information about enrollment in the state group health insurance program and the premium deductions.

Your new hours of unused sick leave (and any SHICC hours, if applicable) are multiplied times your highest base rate of pay[9] with the state, and the totals are added respectively to any remaining ASLCC and SHICC balances that were "frozen" when you elected to become covered under the WRS. The combined total of your old and new ASLCC and SHICC balances would then be available to pay group health insurance premiums after you "re-retire".

When you "re-retire", you must meet one of the eligibility criteria (A, B, C, D or E) outlined in the "Eligiblity to Use Sick Leave Credits to Pay Post-Retirement Health Insurance

[8] *Electing to terminate your annuity and become covered under the WRS is only an option if you are working in a position that meets WRS participation standards. If for any reason your position does not qualify for WRS coverage, you cannot reestablish your WRS account. Your annuitant coverage remains in force; you cannot elect coverage as an active employee.*

[9] *Exception: Certain supplemental pay for teachers, teacher supervisors and education directors is added to the base rate of pay used to calculate the ASLCC balance. Contact your payroll representative with any questions about this provision.*

Premiums" section to be eligible for any additional sick leave credits based on the unused hours of sick leave accrued after returning to state employment.

Note: If you are a rehired annuitant, you can elect to terminate your annuity and become covered under the WRS at any time while you are re-employed in a position meeting WRS participation standards. You are not required to make this election immediately after being rehired by the state. Your election becomes effective on the first day of the month after ETF receives your completed election form.

- **If you return to work with the state but do not elect to terminate your annuity and become covered under the WRS**, when you "re-retire" from state employment you will lose any unused hours of sick leave that you have accrued during your period of reemployment. The new hours of sick leave cannot be converted to additional credits to be used to pay post-retirement health insurance premiums. No new sick leave credits can be added to your ASLCC or SHICC accounts when you "re-retire" in this situation.

  If you do not elect to terminate your annuity and become covered under the WRS as an active participant, any state group health insurance coverage that you have in force as an annuitant will normally continue as annuitant coverage during your period of reemployment (or your sick leave credits will remain escrowed if applicable). If your annuitant state group coverage remains in force while you are re-employed, you continue to be responsible for the full amount of the premiums. The premiums would either be deducted from any original sick leave credits remaining, or if your sick leave credits are exhausted, the premiums would be deducted from your annuity. If your WRS annuity is too small to cover your health insurance premiums, you would be responsible for paying the full amount of the premiums directly to your health insurance carrier.

- **If you return to work with the state in a position that for any reason does <u>not</u> qualify for WRS coverage,** you cannot re-establish your WRS account. This means that your annuity will continue, any state group health insurance coverage that you have in force as an annuitant will continue as annuitant coverage, and you will continue to be responsible for the full premiums. When you terminate state employment you will lose any unused sick leave that you have accrued during your period of reemployment; no new sick leave credits can be added to your ASLCC or SHICC accounts when you terminate.

Annual Statement

If you are a state annuitant with unused sick leave credits that are available to pay post-retirement health insurance premiums, you will receive an annual statement showing both the beginning and current balance of your sick leave credit account.

Related Publications

More information on the state health insurance program is available in brochures and on ETF's website at <u>etf.wi.gov</u>; See *Group Health Insurance* (ET-4112), *It's Your Choice* (ET-2107) for active State Employees and ET-2108 for State Annuitants.

The Department of Employee Trust Funds (ETF) has made every effort to ensure that this brochure is current and accurate. However, changes in the law or processes since the last revision to this brochure may mean that some details are not current. Please contact ETF if you have any questions about a particular topic in this brochure.

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services or employment. If you are speech, hearing or visually impaired and need assistance, call toll free at 1-877-533-5020 or (608) 266-3285 (local Madison). We will try to find another way to get the information to you in a usable form.

For Additional Information

Contact the Department of Employee Trust Funds (ETF)

<u>Self-Service Toll Free Telephone Services</u>

Available 24 hours a day, seven days a week. You must have a touch-tone telephone to use these systems.

SELF-SERVICE LINE: Call 1-877-383-1888 or (608) 266-2323 (local Madison) to request forms or brochures. Wisconsin Retirement System annuitants may also change their home mailing address or tax withholding election through this self-service line.

TELEPHONE MESSAGE CENTER: Call 1-800-991-5540 or (608) 264-6633 (local Madison) to hear detailed recorded messages covering a variety of Wisconsin Retirement System topics.

Note: You will not be able to talk to a "live" person using these systems. To speak to a benefits specialist, call the telephone numbers listed below.

<u>Visit our Internet Site</u>

Access the internet site at: etf.wi.gov. A tremendous amount of information is online regarding the Wisconsin Retirement System and other benefit programs. You may e-mail the Department through this site.

<u>Call During Office Hours</u>

Office Hours: 7:45 am to 4:30 pm, Monday through Friday
(except holidays)

Telephone: 1-877-533-5020 (toll free)
(608) 266-3285 (local Madison)

Wisconsin Relay Service (for hearing & speech impaired)
7-1-1 or
1-800-947-3529 (English)
1-800-833-7813 (Spanish)

<u>Write Us</u>

Department of Employee Trust Funds
P. O. Box 7931
Madison, WI 53707-7931

<u>Visit Us</u>

Appointments: 1-877-533-5020 ext. 65717 (toll free)
(608) 266-5717 (local Madison)

Madison: **An appointment is <u>recommended</u>**
801 West Badger Road

Waukesha: **An appointment is <u>required</u>**
141 N. W. Barstow Street, Rm. 411

Department of Employee Trust Funds
Wisconsin Retirement System
P.O. Box 7931
Madison, Wisconsin 53707-7931
www.etf.wi.gov