

July 15, 2009

Required Furloughs (for State Employees) and WRS Disability Programs

On July 2, 2009, the Wisconsin Department of Employee Trust Funds issued an employer bulletin addressing Executive Order #285, issued by the Governor on June 23, 2009, which requires employees of state agencies and the University of Wisconsin System, including faculty and academic staff, to take eight days or their equivalent (64 hours) of unpaid leave (furlough days) during each fiscal year of the 2009-2011 fiscal biennium, for a total of sixteen furlough days (128 hours) over the two-year period.

We have received questions about how furlough affects the WRS disability benefits. The chart (below) has been developed in response.

WRS Retirement Disability (§40.63) and Long Term Disability Insurance Benefits (LTDI):

Since you are required to report "deemed earnings and service" for furlough, there will be no effect on the employee's creditable service or salary basis. However, in determining the last day paid, when completing the *Employer Statement Wis. Stat. §40.63 (ET-5607)* or *Long-Term Disability Insurance (LTDI) Employer Statement (ET-5315)*, if the last day paid is extended due to vacation, sick leave, etc., and the employee also takes furlough during that period of time, the furlough extends the last day paid. When taking furlough, the employee is not allowed to use vacation or sick leave for that day.

Income Continuation Insurance (ICI) Benefits:

Again, the salary basis will not be affected due to reporting "deemed earnings." Furlough taken during the elimination period does not extend the elimination period. The "Date Sick Leave is Exhausted" on *Income Continuation Insurance (ICI) Employer Statement, (ET-5351)* is extended if the employee is taking a furlough day during that time period. If the "Date Sick Leave is Exhausted" is extended by furlough, please indicate "furlough" and dates along with the sick leave exhaustion date in the "Date Sick Leave is Exhausted" box. Aetna won't need to contact you then to question the date.

When reporting part-time earnings on the *Income Continuation Insurance Transaction Report, (ET-5901)* for an employee who is taking furlough, please indicate "Furlough" in the "Comments" area of the ET-5901 along with the number of furlough hours. The furlough hours should not be reported as "Present At Work." This will explain why the employee didn't work or take vacation/ holiday for the number of hours they were released to work.

Please contact the Employer Communication Center toll free at (888) 681-3952 or locally at (608) 264-7900, with any additional questions regarding the WRS Retirement Disability Benefit Reporting. Any questions regarding ICI or LTDI claims should be directed to Aetna toll free at (800) 960-0052.

Effects of Furloughs on WRS Disability Programs for State and UW Employees

Programs	Wisconsin Retirement Disability (§40.63)	Duty Disability (§40.65)	Income Continuation Insurance (ICI)	Long-Term Disability Insurance (LTDI)
Creditable Service	Employer reports service as if employee worked.	N/A	N/A	Employer reports service as if employee worked.
Salary	Employer reports “deemed earnings” for furlough days	Employer reports “deemed earnings” for furlough days	Employer reports “deemed earnings” for furlough days	Employer reports “deemed earnings” for furlough days
Disability Benefit Effective Date	<p>Employee remains in pay status and furlough day(s) occur between last day worked and last day paid. Furlough day(s) extend the last day paid for earnings for vacation, holidays and sick leave.</p> <p>Employee is paid a lump sum payment for vacation and sick leave earnings. Furlough day(s) do not affect the last day paid.</p>	<p>Employee is in pay status and furlough day(s) that fall between last day worked in full duty and last day paid would extend the last day paid.</p> <p>Earnings offset is based on actual earnings received and applied in the month in which the check is dated.</p>	<p>Furlough day (s) extends the date sick leave is exhausted. If the date sick leave is exhausted includes furlough days, the employer should indicate furlough and the date, in the Date “Sick Leave is Exhausted box” on the <i>Income Continuation Insurance (ICI) Employer Statement (ET-5351)</i>.</p>	<p>Employee remains in pay status and furlough day(s) occur between last day worked and last day paid. Furlough day(s) extend the last day paid for earnings for vacation, holidays and sick leave.</p> <p>Employee is paid a lump sum payment for vacation and sick leave earnings. Furlough day(s) do not affect the last day paid.</p>
Return to Employment while receiving WRS disability benefits.	Earnings Limit – Furlough day(s) do not affect the earnings limit.	Furlough day (s) do not affect earnings offset.	<p>Earnings Offset – based on actual hours worked and sick leave earned.</p> <p>If a furlough day falls within a pay period, the employer should indicate furlough and number of hours in the “Comments” area of the <i>Income Continuation Insurance (ET-5901)</i>.</p>	Earnings Limit – Furlough day(s) do not affect the earnings limit or supplemental retirement contributions.

