



# **DISABILITY BENEFITS**

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## **GENERAL INFORMATION**

This booklet discusses the benefits that are available from the Wisconsin Retirement System (WRS) if you become disabled and are unable to work until normal retirement age due to a physical or mental disability.

Read this booklet carefully. If you believe that you may be eligible for disability benefits and you decide to apply for a disability annuity, follow the instructions starting on page eight.

# WISCONSIN RETIREMENT SYSTEM OR LONG-TERM DISABILITY INSURANCE AND YOUR DATES OF EMPLOYMENT

## DISABILITY BENEFITS AND YOUR DATES OF EMPLOYMENT

The Wisconsin Retirement System (WRS) also offers a Long-Term Disability Insurance (LTDI) plan. It is available to persons who are participating WRS employees on or after October 16, 1992.

Depending on when you are an active participating employee under the WRS, you may be eligible only for LTDI, or may be eligible to choose between the two disability plans. The categories are:

1. If you became a new participating employee under the WRS on or after October 16, 1992, or you were covered under the WRS before that date but have a break in covered employment after that date, you are only eligible for LTDI benefits.
2. If you were covered under the WRS before October 16, 1992 and remain continuously employed under the system until becoming disabled, you may apply for WRS disability benefits **OR** elect coverage under the LTDI plan. An election to be covered under the LTDI program is irrevocable, and is an absolute waiver of rights to WRS disability benefits. Carefully review this booklet and the *Long-Term Disability Insurance* booklet, ET-5314 providing detailed information about LTDI benefits and estimates prepared for you before signing the waiver.

## DEFINITIONS

**Disability.** Under the WRS, disability means the inability "to engage in any *substantial gainful activity* by reason of a *medically determinable* physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration."

**Medically determinable impairment.** A medically determinable impairment is one which has medically demonstrable anatomical, physiological, or psychological abnormalities. Such abnormalities are medically determinable if they manifest themselves as signs or laboratory findings apart from symptoms which are not medically determinable.

**Substantial gainful activity.** Substantial gainful activity is any work of a nature generally performed for remuneration or profit, involving the performance of significant physical or mental duties, or both. Work may be considered substantial even if performed part-time, and even if it is less demanding or less responsible than your former work, and it may be considered gainful even if it pays less than your former work.

The term "substantial gainful activity" means employment in a position for which the compensation will exceed \$11,539 in calendar year 2007. The earnings limit changes annually.

## ELIGIBILITY REQUIREMENTS FOR BENEFITS

To be eligible for a disability benefit from the WRS, you must be totally disabled by a mental or physical impairment which is likely to be of an indefinite duration. You must also meet all of the requirements listed on the following page.

1. You must not have reached the "normal retirement age" for your employment category.

<b>Employment Category</b>	<b>Normal Retirement Age</b>
Protective Occupation Employees with at least 25 years of creditable service	53*
Protective Occupation Employees with less than 25 years of creditable service	54*
Executive Retirement Plan Employees and Elected Officials	62
General Employees and Teachers	65

\* Exception: Protective occupation employees may apply for 40.63 "special" benefits up until they reach age 55. (See "Special Eligibility-Protective Occupation Employees" on page 4.)

2. You must be a participating WRS employee. An applicant is a participating employee only if no other employment that is substantial gainful activity has intervened (occurred) since service for the WRS employer terminated, **and** if the termination of active service for the WRS employer was due to disability. "Substantial gainful activity" intervened if, during any 12 consecutive calendar months beginning with the first of the month following the date your service for the covered WRS employer terminated and you received earnings, wages, salary and other earned income. The annual dollar amount is the earnings limit in effect at the end of the 12 consecutive calendar month period.

3. During the period starting seven full calendar years before the year in which we receive your disability annuity application and including the year in which you must apply, you have either: a total of at least five years of creditable service; or, at least one-half year of creditable service in each of five of the years. If your disability resulted from your employment, you do not have to meet this service requirement. (See #7 on the following page).

**Note:** If you do not meet the service requirement for a WRS disability and your disability is not work-related, you may meet the service requirement for benefits under the Long-Term Disability Insurance program.

4. You must not be entitled to any further earnings from your employer. Any payment to which you may be entitled after your last day of work (such as vacation, compensatory time, sick leave, etc.), is used in determining the last day for which you were paid.

**Note:** Participating employees whose compensation plan or contract provides for converting unused sick leave to pay group health insurance premiums, and who qualify for a disability benefit, can either use sick leave until exhausted or convert it to credits to pay health insurance premiums. If the sick leave is converted, the disability benefit will begin sooner. You should contact your employer to discuss how much sick leave you wish to convert to credits.

If you are converting your unused sick leave to pay group health insurance premiums, you will be required to sever your employee/employer relationship in order for your § 40.63 disability retirement benefit to be approved. **Note:** You should carefully compare the benefits of terminating WRS employment so you can use accumulated sick leave to pay for health insurance premiums versus the higher death benefits payable if you die as an active (not terminated) employee.

5. You must submit medical evidence on the form provided by ETF from two licensed medical doctors to establish that your physical or mental impairment meets the disability definition

and that the disability prevents you from being gainfully employed. (The SPECIAL DISABILITY benefit for firefighters and law enforcement employees has a different disability definition. See "Special Eligibility-Protective Occupation Employees" on page 4.)

6. Your employer will be informed that you are applying for a disability benefit and will be asked whether they have reason to contest the approval of your disability application. Therefore, it is very important that you communicate with your employer with regard to your reason for leaving employment.
7. If your disability is work-related and you do not meet the service requirements for disability benefits, your application for a disability annuity must be received by this Department within two years of your last day worked.
8. If you do not have payable sick leave and are not covered under the group health insurance program, you will only be considered "terminated"\* for benefits administered under Chapter 40 of the statutes. Your employer may elect to keep you on a leave of absence for any fringe benefits not administered under Chapter 40.

\*For disability benefit purposes, "termination of employment" means that the participant has ceased to be a participating employee on the termination date that the employer reports to the Department for the purpose of all benefits administered under Chapter 40, Wis. Stats. Such benefits include health insurance and sick leave credit usage, life insurance, income continuation insurance, long-term disability insurance, Employee Reimbursement Account, long-term care, EPIC, Spectera, Wisconsin Retirement System coverage and death benefits, and making deferred compensation contributions. A disability termination does not preclude a participating employer from keeping the participant on an administrative leave of absence for the purposes of benefits not administered under Chapter 40.

## **SPECIAL ELIGIBILITY - PROTECTIVE OCCUPATION EMPLOYEES**

If you are disabled to the extent that you can no longer safely and efficiently perform the duties of your position as a Protective Occupation Participant (firefighters and law enforcement personnel), you may qualify for disability benefits even though you might still be able to engage in some other type of work. You must meet all of the following requirements to qualify:

1. During the period starting seven full calendar years before the year in which we receive your disability annuity application and including the year in which you apply, you have either: a total of at least five years of creditable service; or, at least one-half year of creditable service in each of five of the years. If your disability resulted from your employment, you do not have to meet this service requirement. (See #7 above).

**Note:** If you do not meet the service requirement for a WRS disability and your disability is not work-related, you may meet the service requirement for benefits under the Long-Term Disability Insurance program.

2. You must become disabled after reaching age 50, but before reaching age 55.
3. You must have at least 15 years of creditable service.

Special disability annuities are calculated the same as regular disabilities.

Protective occupation employees may also be eligible for duty disability benefits under Wis. Stat. § 40.65 if the disability is duty-related. For further information, request a *Duty Disability and Survivor Benefits* (ET-5103) brochure from this Department.

## CALCULATION OF BENEFIT

### HOW THE BENEFIT IS CALCULATED

Your annuity effective date is normally the day after your last day for which earnings were paid; however, it can be no earlier than 90 days before we received your application. Annuities that are not effective on the day after your last day paid must always be effective on the first of a month. Therefore, your annuity will be effective on either the day after your last day paid or the first of the month after backdating 90 days from application receipt, whichever is later.

**If you apply more than 90 days after your last day paid you will not have the earliest possible annuity effective date, and you will have lost a partial month or more of benefits.**

The disability benefit is computed by multiplying the "formula factor" for your employment category by your "final average earnings" by the number of years of "creditable service" under the retirement program. These terms are defined on page five:

1. "Formula Multiplier" is identified as a percentage and varies according to your employment category.

Employment Category	Formula Multiplier	
	Service After 1999	Service Before 2000
General Employee or Teacher	1.6%	1.765%
Executive Retirement Plan Employee or Elected Official	2.0%	2.165%
Protective Occupation Employee Covered by Social Security	2.0%	2.165%
Protective Occupation Employee Not Covered by Social Security	2.5%	2.665%

2. "Final average earnings" are determined by dividing the total of your earnings in the three highest annual earnings periods by the number of months of service represented by those earnings. One full year of teaching service represents 12 months in this calculation.
3. "Creditable service" includes all service from the date you began participating under the retirement program to the date you became disabled, **plus** all assumed service for those years between the date of your disability and the date when you reach the "normal retirement age" for your employment category.

You may be eligible for additional credit for military service, provided you meet the eligibility requirements. The service, if granted, may increase the amount of your benefits. You will have to submit a copy of your discharge paper showing dates of active duty and character of discharge.

If you are active on or after January 1, 2000, your disability annuity cannot exceed 70% (65% for protectives with Social Security and 85% for protectives without Social Security) of your final average earnings used in your benefit calculation. This is the maximum formula benefit payable.

## SAMPLE BENEFIT CALCULATION

Assume a general employee was age 53 at the time the disability occurred (last day paid was January, 2, 2006) with 20 years of creditable service and a final average earnings of \$1,000 per month. Normal retirement age for this employee is age 65.

### Service Calculation

Years of actual "creditable service" under the retirement plan at the time disability begins	20
Plus	
Years of "assumed service" from age disability occurs (53) to normal retirement age (65)	<u>+ 12</u>
Total years of creditable service	32

### Benefit Calculation

Benefit based on "formula factor" (1.765% for creditable service before 2000 and 1.6% for creditable service after 1999) times total "creditable service" times "final average monthly earnings."

$(.01765 \times 14 \times \$1,000) =$	\$247.10	Benefit calculation for service before 2000
$(.016 \times 18 \times \$1,000) =$	<u>+ \$288.00</u>	Benefit calculation for service after 1999
	\$535.10	(including the assumed service)

The "assumed service" calculation in this example will differ if the individual is in another employment category. For example, if the disabled individual was a protective occupation employee, the assumed service would be only one year rather than 12 since the "normal retirement age" is 54. In such a case, the total creditable service would have been 21 years (20 years credited at time of disability plus 1 year of assumed service). The formula factor would be 2.165% for service prior to 2000 and 2.0% for service after 1999 (for most firefighters the "formula factor" would be 2.665% for service prior to 2000 and 2.5% for service after 1999). The service breakdown would be 14 years before 2000 and 7 years after 1999.

## OPTIONAL ANNUITY CHOICES

The previous example calculates the "For Annuitant's Life Only" disability annuity option, which is payable for your lifetime but provides no death benefit of any kind.

The "For Annuitant's Life Only" disability benefit may be converted to other optional forms of payment:

- Life Annuity with 60 Payments Guaranteed
- Life Annuity with 180 Payments Guaranteed
- Joint & Survivor Annuity, 75% Continued to Named Survivor (This option is not available if your named survivor is more than 19 years younger than you and is not your spouse.)
- Joint & Survivor Annuity, 100% Continued to Named Survivor (This option is not available if your named survivor is more than 10 years younger than you and is not your spouse.)
- Joint & Survivor Annuity, Reduced 25% on Death of Annuitant or Named Survivor (This option is not available if your named survivor is more than 19 years younger than you and is not your spouse.)
- Joint & Survivor Annuity, 100% Continued to Named Survivor Combined with 180 Payments Guaranteed (This option is not available if your named survivor is more than 10 years younger than you and is not your spouse.)

These optional forms could provide a death benefit for your beneficiary(ies). A more detailed description of these options is provided in the "Death Benefits" section on page 11.

Depending on the option you select, your spouse may be required to sign your disability application. Spousal consent is required on all annuity applications for required contributions if you select any option other than a joint and survivor option with your spouse as named survivor. Spousal consent is not required if:

- you select a joint and survivor option with your spouse as named survivor;
- you are applying for an annuity from additional contributions only; or
- you have been married to your spouse less than one full year immediately preceding your annuity effective date, or you are legally separated from your spouse on your annuity effective date.

NOTE: A spouse should NOT sign the spousal consent if he/she wants to preserve his/her spousal rights to being the named survivor for a joint and survivor annuity option.

### CHANGING OPTIONS

It is important to carefully consider your option selection. The monthly annuity option you select can be changed only within 60 days following the date of your first benefit check. Your signed written request to change your annuity option must be received by ETF within the 60-day period.

### OPTION CONVERSION CALCULATION

The option conversion calculation provides an annuity that is payable in two portions. The first portion is the difference between the disability benefit and the regular retirement benefit. This portion is paid for your life only:

Disability Benefit (from page 6 sample) =		\$535.10
Regular Retirement Benefit:		
Before 2000	After 1999	
\$ 1,000	\$ 1,000	- Final Average Earnings
x 14	x 6	- Years of Creditable Service
x .01765	x .076	- Formula Factor
x <u>.680</u>	x <u>.0680</u>	- Age 53 Early Retirement Reduction Factor
\$ 167.55	\$ 65.28	+ \$232.83
Difference between Disability and Regular Retirement Benefit =		\$302.27

The \$302.27 is the disability portion of the annuity. Regardless of the option you select, the disability portion of the annuity is payable for your life only.

The second portion of the annuity is the amount of the regular retirement benefit of \$232.83 converted to an optional form of disability benefit, as shown below, based on age:

Note: Assumptions used in this example are employee age 53 with named survivor age 50.

\* This amount ceases at the time of your death.

@ This is the amount available before reduction under the indicated joint survivor options. Under these options the amount available to the named survivor would be 75% of the amount shown above, or (\$213.51 X .75) = \$160.13 in number 3 and (\$217.46 X .75) = \$163.10 in number 5. In number 5, if the named survivor dies before you, your total benefit is reduced to \$465.37 (\$163.10 + \$302.27).

<u>Option Type</u>	<u>Regular Retirement Amount</u>	<u>Conversion Factor</u>	<u>Amount Available To Survivor</u>	<u>Straight Life Portion*</u>	<u>Your Total Benefit</u>
1. 60 Mo. Guar. Life	\$232.83	X .998 =	\$232.36 +	\$302.27 =	\$534.63
2. 180 Mo. Guar. Life	\$232.83	X .981 =	\$228.41 +	\$302.27 =	\$530.68
3. Jt. & Surv. - 75% Cont. to Ben.	\$232.83	X .917 =	\$213.51 @ +	\$302.27 =	\$515.78
4. Jt. & Surv. - 100% Cont. to Ben.	\$232.83	X .893 =	\$207.92 +	\$302.27 =	\$510.19
5. Jt. & Surv. - 25%	\$232.83	X .934 =	\$217.46 @ +	\$302.27 =	\$519.73
6. Jt. & Surv. - 100% with 180 Mo. Guar.	\$232.83	X .892 =	\$207.68 +	\$302.27 =	\$509.95

## HOW TO APPLY

To obtain a personalized disability benefit estimate and application form, please write or call ETF. You will receive a packet of detailed information. If you wish to apply for a disability, complete and return the following forms:

- *Disability Benefit Estimate and Application*
- *A Disability Medical Report (included in Disability Packet)*
- *A Beneficiary Designation - Optional*
- *Income Continuation Insurance (ICI) and/or Long-Term Disability Insurance (LTDI) Repayment Agreement which explains that overpaid benefits must be recovered.*

You may not apply before your last day of work. If approved, your benefit will usually be effective the day after your last day paid.

At the time you apply for a disability benefit from the WRS, you need not be terminated from your covered WRS employer. If you die after applying and after ETF has received one *Medical Report* indicating you meet the disability definition, the benefit will be effective on the date of death provided no further earnings are payable to you. Either before or after your death, ETF must also receive a valid *Employer's Statement* form that indicates they do not wish to contest the approval of your disability application before your disability benefit can be approved. You may want to request a brief summary of your WRS survivor benefits from ETF because applying for disability benefits may not provide the best survivor benefits. If you delay applying, your benefit effective date cannot be retroactive more than 90 days before we receive your application. Disability annuities that are not effective on the day after your last day paid must be effective on the first of a month.

If you are unable to sign the disability application, ETF will accept the signature of the person you have designated as having your power of attorney. The original signed, dated and notarized power of attorney form must be submitted to ETF. The appointment must not have expired and the person with power of attorney must have the authority to make the transaction under consideration.

If acceptable power of attorney papers are not in effect, a guardian of the estate may sign and file the application. This must be accompanied by a photocopy or facsimile of an order of guardianship issued by a circuit court judge, a register in probate or a probate court commissioner who is assigned the authority to issue such orders under Wis. Stat. § 757.72 (2) or (5).

If the *Medical Report* submitted by the physician of your choice indicates you meet the disability definition, you will be sent another *Medical Report* form and a letter regarding who you may see for the second opinion. You may be asked to see a physician who specializes in the area of your disability, or, if your first medical report was completed by a specialist, you may have any physician who is currently treating you complete the second medical report. Your last exam date for the

*Medical Report* completed by your physician must be within six months from the date you submit your disability application. If your exam was more than six months from the date your disability application is received, you will be required to have a current exam completed by your physician. Once you receive our letter, you must make arrangements for another examination and completion of the second *Medical Report*. **NOTE: Physician means a licensed medical doctor. The cost associated with securing medical reports is your responsibility.**

The physicians will forward the completed *Medical Report* forms directly to ETF. We will advise you if the second *Medical Report* does not indicate you meet the disability definition.

If you are also receiving Income Continuation Insurance (ICI) benefits authorized under Wis. Stat. Chapter 40, approval of your WRS disability benefit will have a direct effect on your ICI benefit. The ICI benefit is reduced by the amount of disability benefits which are payable for the "Annuitant's Life Only" option regardless of the annuity option you select. Your first disability check will include retroactive payments, therefore creating an overpayment of ICI benefits. **You will be required to repay the duplicate benefits to the ICI program.** In some cases, ETF will withhold all or part of the retroactive check to repay ICI benefits. The ICI program will notify you of the overpayment at the time you receive your initial WRS disability check. The ICI program is administered by ETF's third party administrator.

## **CANCELLATION OR DENIAL OF DISABILITY BENEFIT APPLICATION**

ETF must receive the two qualifying *Medical Reports* and the *Employer Statement* within 12 months after we receive your disability application. If not, your application must, by law, be cancelled. If you are receiving an ICI benefit, an estimated offset (reduction) to your ICI benefit will begin.

If your application for a disability benefit is cancelled or denied, you have several options available:

1. Apply for a regular retirement benefit if you are at *least* age 55 (age 50 if protective). If you apply within 60 days of denial, this benefit would begin on the same date that the disability benefit would have begun. If you apply for a regular retirement annuity and it is approved, you may not apply for a disability annuity at a later time.
2. Apply for a separation benefit if you are under age 55 (age 50 if protective). A separation benefit means you are withdrawing only the Employee Required contributions plus accumulated interest. Payment of a separation benefit means you forfeit your employer required contributions plus interest, and your entitlement to any future benefits from the retirement program based on service prior to the separation.
3. Reapply for a disability annuity. You must meet the Eligibility Requirements for Benefits as outlined on pages three and four.
4. Leave your contributions in the retirement system until a later date.
5. Right of Appeal: If you wish to contest ETF's findings, a written request for an appeal to the appropriate board under Chapter ETF 11, Wisconsin Administrative Code, must be received by ETF within 90 days following the date of the notice of denial.

## **WITHDRAWING YOUR DISABILITY APPLICATION**

If you wish to withdraw your disability application, ETF must receive your written request to withdraw no later than the last working day **before** the 21st of the month in which your first monthly benefit payment is dated.

## ANNUAL DISABILITY PROCESSES

To be eligible to continue to receive disability benefits, you will be required to annually submit financial information and may be required to annually provide medical information from your physician.

### MEDICAL RECERTIFICATION

If you are approved for the disability benefit, ETF will notify you as part of your approval notice that an annual medical recertification is required. ETF's third party administrator will send you a written notice when your medical recertification is due. Your last treatment date must be within 12 months of the date the physician signs the *Recertification Medical Report*. Annual Medical Recertifications may continue for as long as you are eligible to receive monthly disability payments or up to your normal retirement age as indicated on page three. It is extremely important that you complete the recertification process in order to remain eligible to receive the monthly benefits. The completed medical report must be returned to ETF by the due date indicated in the letter.

If your completed medical report is not returned by the due date, you will be notified that the *Recertification Medical Report* is past due. It is imperative that ETF receives the completed *Recertification Medical Report* form as this will determine whether we can continue to pay disability benefits to you. Failure to provide this information to ETF by the required due date may cause your benefits to be terminated.

### EARNINGS STATEMENT

Each year, usually in March, you will be required to complete a *Statement of Annual Earnings for Disability Annuitants*. You must complete the statement whether or not you received earnings. The completed statement must be returned to ETF by April 30 of that year. After that date, future benefit payments will be suspended until a completed statement is received and your eligibility to continue receiving benefit payments can be determined. Failure to return the completed form or providing incorrect information may cause your benefit to be terminated.

If you have returned to work or are self-employed, you will be required to report the amount of earnings, employers' name, and occupation for each calendar month you received earnings. Earnings means wages and/or salary received for providing a personal service, including service performed on a contractual basis or self-employment. The earnings reported should be the **gross** earnings before deductions (i.e., state and federal taxes, Social Security, etc.). Income received from Social Security or WRS benefits, interest, dividends, inheritance, sale of home, or winnings from the lottery, etc., are not considered earnings.

## RETURN TO WORK - TERMINATION OR SUSPENSION OF BENEFITS

### EARNINGS LIMITATION

#### Regular Disability Annuity:

Under the WRS, your disability benefit will be suspended if you earn more than a set "earnings limit" for the calendar year for any employment. If you are under your normal retirement age (see page 3), the limit for 2007 is \$11,539. This amount changes annually. If you return to work and earn more than the annual "earnings limit," you must notify ETF immediately. Your benefit will be suspended effective the first of the month following the month in which you exceeded the annual earnings limit, and we will advise you at that time when your benefit will resume.

If you are working for a WRS employer and your annuity is suspended, you will not be covered as an active participating employee under the WRS. Your employer will report contributions, earnings and creditable service only if your disability benefit is terminated.

After you reach your normal retirement age, there is no earnings limit. As a retiree, you can work in private employment or with a WRS participating employer in a position that does not meet WRS participant standards and your retirement benefit administered by ETF will not be affected.

If you are employed with a WRS participant employer in a position that meets the WRS participation standards, please contact ETF for additional information about the *Rehired Annuitant Election* form, ET-2319.

#### Special Disability Annuity - Protective Occupation Employees Only:

There is no earnings limit with a special disability. However, a special disability benefit will be suspended for any period during which you are employed in a law enforcement or firefighting capacity. An annual income statement is required to monitor this.

### **TERMINATION OF DISABILITY BENEFITS**

You may be required to supply medical evidence that you continue to be disabled. If your physician indicates that you are able to perform the duties of any gainful occupation for which the annual compensation would exceed the earnings limit, your disability benefit will be terminated. If your disability benefit is terminated, your retirement account will be re-established as if you had never received any disability benefits.

Your disability benefits will be terminated if you fail to provide the required information on a timely basis. (Examples: failure to submit a medical report or failure to submit information regarding earnings, wages, salary or other earned income as requested by ETF or third party administrator.)

### **DEATH BENEFITS**

If you die while receiving a disability annuity from the WRS, a death benefit may be payable. In the event of your death, your beneficiary should contact ETF. Death benefits are determined by the type of disability annuity option you chose:

- For Annuitant's Life Only  
Annuity payments end with the last monthly payment prior to your death. There is no death benefit payable to your beneficiary(ies).
- Life Annuity with 60 or 180 Payments Guaranteed  
This two-part benefit has one portion paid as an annuity that ends with the last monthly payment prior to your death, with no death benefit payable.  
The other portion (60 or 180 monthly payments guaranteed) will continue to your beneficiary(ies) for any remainder of the 60 or 180 monthly payments.
- Joint & Survivor Annuity - 75% Continued to Named Survivor\*  
This two-part benefit has one portion paid as an annuity that ends with the last monthly payment prior to your death, with no death benefit payable. Seventy-five percent of the remaining portion will be paid to your named survivor for his/her lifetime.

- Joint & Survivor Annuity - 100% Continued to Named Survivor\*

This two-part benefit has one portion paid as an annuity which ends with the last monthly payment prior to your death, with no death benefit payable. One hundred percent of the remaining portion will be paid to your named survivor for his/her lifetime.

- \* If you select the "Joint & Survivor Annuity - 75% Continued to Named Survivor" or the "Joint & Survivor - 100% Continued to Named Survivor" and the named survivor dies within the first five years of your annuity effective date, your annuity will increase to the amount of the "For Annuitant's Life Only" option. It will include the part of the annuity based on your regular retirement and on the disability benefit amount. This "pop-up" feature will go into effect once this Department is notified of the death of your named survivor. It applies only to the two options shown above and does not apply if the named survivor survives the annuitant.

- Joint & Survivor Annuity - 25% Reduction on Death of Annuitant or Named Survivor

This two-part benefit has one portion paid as an annuity which ends with the last monthly payment prior to your death, with no death benefit payable. The remaining portion will be reduced by 25% upon your death, or the death of your named survivor, for the survivor's lifetime.

- Joint & Survivor Annuity - 100% Continued to Named Survivor with 180 Payments Guaranteed

This two-part benefit has one portion paid as an annuity which ends with the last monthly payment prior to your death, with no death benefit payable. One hundred percent of the remaining portion will be paid to your named survivor for his/her lifetime. If both you and your named survivor die before 180 monthly payments have been made, the remainder of the 180 payments will be paid to the secondary beneficiary(ies).

## **OTHER DISABILITY BENEFIT - NON-DUPLICATION PROVISION**

Protective occupation participants may be eligible for benefits under Wis. Stat. § 40.65, if their disability is duty-related. There are special offsets and non-duplication provisions under this program. Please contact ETF for further information about eligibility and offset provisions.

## **INSURANCE COVERAGE**

### **GROUP LIFE INSURANCE - WAIVER OF PREMIUM**

If you are presently insured under the Wisconsin Public Employers Group Life Insurance Program, you may be eligible to continue coverage without additional premium payments. Premium payments are waived if you are a totally and permanently disabled participant and your employer submits a request for a disability premium waiver form to ETF. The employer must submit the request within 36 months after the last day for which WRS earnings were paid. If the waiver is approved, you will be notified of your amount of coverage. However, you should continue to pay premiums until notified that they are no longer due. Contact ETF within 30 days after termination of employment for special instructions for keeping life insurance coverage in force while your disability application is pending. ETF will provide additional information about continuing your life insurance coverage; the action you may need to take will depend on the approval or denial of your disability application and your WRS benefit status.

## **GROUP HEALTH INSURANCE COVERAGE**

If you are on a leave of absence from your employer and are covered under the Group Health Insurance program administered by ETF, you must continue to pay your monthly premiums through your employer while your disability annuity application is being processed. If you do not pay the premiums, your coverage will lapse. However, it may be reinstated if you file a health insurance application within 30 days of the notice to re-enroll. Once your application for a disability benefit has been approved, your group health insurance premiums will be deducted from your monthly annuity check. If your net monthly payment is not large enough to cover the health insurance premium, you will receive a billing directly from the insurance carrier. Participating employees whose compensation plan or contract provides for unused sick leave conversion to pay group health insurance premiums have the option of using unused sick leave or converting it for credits to pay group health insurance premiums.

If you do not pay the premiums your coverage will lapse. You will then be offered a 30-day health insurance enrollment opportunity upon approval of your 40.63 benefit.

### **Special Program Available to Retirees of Local Government Employers**

All local government employees who receive a monthly retirement or disability annuity are eligible for health insurance coverage under the Local Annuitant Health Program. To qualify for open enrollment, ETF must receive your application no later than 60 days after the date you terminate employment.

## **MEDICARE SUPPLEMENT INSURANCE FOR DISABILITY RETIREES**

To keep your WRS group health insurance, **you must enroll for both Medicare Parts A and B** (Hospital and Medical) **when first eligible**. More Medicare information is available at <http://www.socialsecurity.gov/mediinfo.htm>

Medicare is available before age 65 to a person who has received Social Security disability benefits for two years or gets Social Security disability benefits and has amyotrophic lateral sclerosis (Lou Gehrig's) disease or has permanent kidney failure. This is required by state law to integrate with, not duplicate Medicare benefits.

It is **your responsibility** to notify us when you and other family members are enrolled in Medicare. We adjust your group health insurance premium to the appropriate Medicare supplement amount after we know the effective date(s) of Medicare coverage. You can notify us by sending in a photocopy of your Medicare card.

## **MILWAUKEE TEACHERS**

Teachers in the Milwaukee school system have insurance coverage administered by the school board. Contact that office to learn about your options.

## **SOCIAL SECURITY BENEFIT**

Keep your annual Social Security Statement for a projection of your Social Security benefits. If you misplaced it or want to update your earnings you can get another Social Security Statement at: <https://secure.ssa.gov/apps6z/iss/main.html> or contact the Social Security Administration at 1-800-772-1213.

Remember: Your Social Security benefits are separate from your WRS benefits. You must contact the Social Security Administration about any Social Security benefits you may be eligible to receive. You can apply online at: <https://secure.ssa.gov/apps6z/ISBA/main.html>

## INCOME CONTINUATION INSURANCE COVERAGE

### State of Wisconsin Employees

If you are presently insured under the Income Continuation Insurance (ICI) program, you may be eligible for benefits. Benefits under this insurance program become payable after you have exhausted your accumulated sick leave or satisfied the required elimination period, whichever is longer. If you have accumulated more than 130 days of sick leave and your disability is not total and permanent, your benefits may begin only after using 130 days of sick leave.

- Participating employees whose compensation plan or contract provides for converting unused sick leave to pay group health insurance premiums, and who qualify for a disability benefit, can either use sick leave until exhausted or convert it for credits to pay health insurance premiums. If the sick leave is converted, the ICI benefit will begin after the required elimination period is satisfied or the day after the last day of sick leave is used, whichever is later. You can elect to bank sick leave at a specific date based on your submitting a WRS disability application by informing your employer. If the disability benefit is not approved, you will have to repay ICI benefits overpaid.

Depending on the extent of your disability, the ICI plan may provide benefits for as long as you remain totally disabled or until you reach "normal retirement age." For most employees that is age 65. However, ICI benefits may extend beyond normal retirement age, depending on your age at the time your disability begins. Disabilities which begin between the ages of 62 and 70 have slightly different benefit duration periods.

This insurance plan is designed to coordinate or integrate with your WRS benefits or Social Security income replacement benefits. **You will be required to repay the duplicate benefits to the ICI program.** Therefore, regular retirement or disability retirement benefits will be an offset against the total monthly ICI benefit. Your ICI payments will be reduced by the annuitant's life only monthly amount of your WRS benefits, regardless of the annuity option you actually select. If your WRS disability benefit is denied, you should check with our office before applying for a separation or retirement benefit to determine the effect on your insurance benefits.

### Local Government Employees

Local government employees insured under the Wisconsin Public Employers Income Continuation Insurance (ICI) program are subject to the general requirements outlined on page 14 for state employees, *except that the exhaustion of accumulated sick leave is not required. If sick leave is paid after the required elimination period, the ICI benefit is reduced by the amount of sick leave paid.*

## TAXABILITY OF BENEFITS

### WRS DISABILITY ANNUITY

If you receive a WRS disability annuity, you **may** qualify for the IRS "Disability Income Tax Credit."

In order to determine the taxable portion of your disability annuity, you will need to know the amount of the contributions you paid into the WRS. This information is provided by ETF when you receive your first benefit payment.

For more information on federal income taxes and the tax status of your disability benefits, contact an IRS district office and request Publication 524 "Credit for the Elderly or the Disabled."

### **INCOME CONTINUATION INSURANCE (ICI)**

If you receive benefits under the ICI program, you may be required to report some or all of these benefits as taxable income on both your state and federal tax returns. The percentage of your ICI benefits that will be taxable will be based on the percentage of your premiums that were paid by your employer. You should consult both state and federal tax authorities for answers to any specific questions you may have concerning the exclusion or inclusion of insurance benefits as taxable income. Information about the taxable amount of your ICI benefits will be provided to you.

### **INCOME TAX WITHHOLDING**

You have the following choices regarding federal and state income tax withholding:

- Elect to have nothing withheld;
- Specify an amount to be deducted from each monthly payment; (Applies to Wisconsin income tax only.)
- Request withholding according to the tax tables. (You can specify an amount in addition to the tax tables.)

Federal regulations allow you to have the withholding amount calculated by ETF, based on income tax withholding tables. When using these tables, we must assume that you do not qualify for the "Disability Income Tax Credit." As a result, the amounts withheld will be higher than necessary in most cases.

*Great effort has been made to ensure that the information in this booklet is accurate. However, if there is any conflict between the information and the law, the law must be followed.*

*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 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.*

## Contacting the Department of Employee Trust Funds

### Self-Service Toll Free Telephone Services

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.*

### Visit our Internet Site

Access the Internet site at: [etf.wi.gov](http://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.

### Call During Office Hours

**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)

### Write Us

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

### Visit Us

**Appointments:** (608) 266-5717

**Madison:** **An appointment is recommended**  
801 West Badger Road

**Waukesha:** **An appointment is required**  
141 N.W. Barstow Street, Rm. 411, in Waukesha