



SICK LEAVE

A Valuable Benefit
For Faculty and
Academic Staff

Planning for Retirement?

- Health insurance premiums are often a major barrier to retirement.
- You and your spouse can stay in the state group health insurance plan for life – ***BUT***
 - You will be responsible for your full premium after you retire—there's no employer contribution
 - At 7% inflation, 20 years of single coverage for a Medicare-eligible individual would cost over \$160,000
 - Family coverage for two Medicare-eligible individuals for 20 years would cost over \$325,000
 - Insurance before you and your spouse reach age 65 and become eligible for Medicare costs even more.

State Group Health Insurance and Medicare in retirement

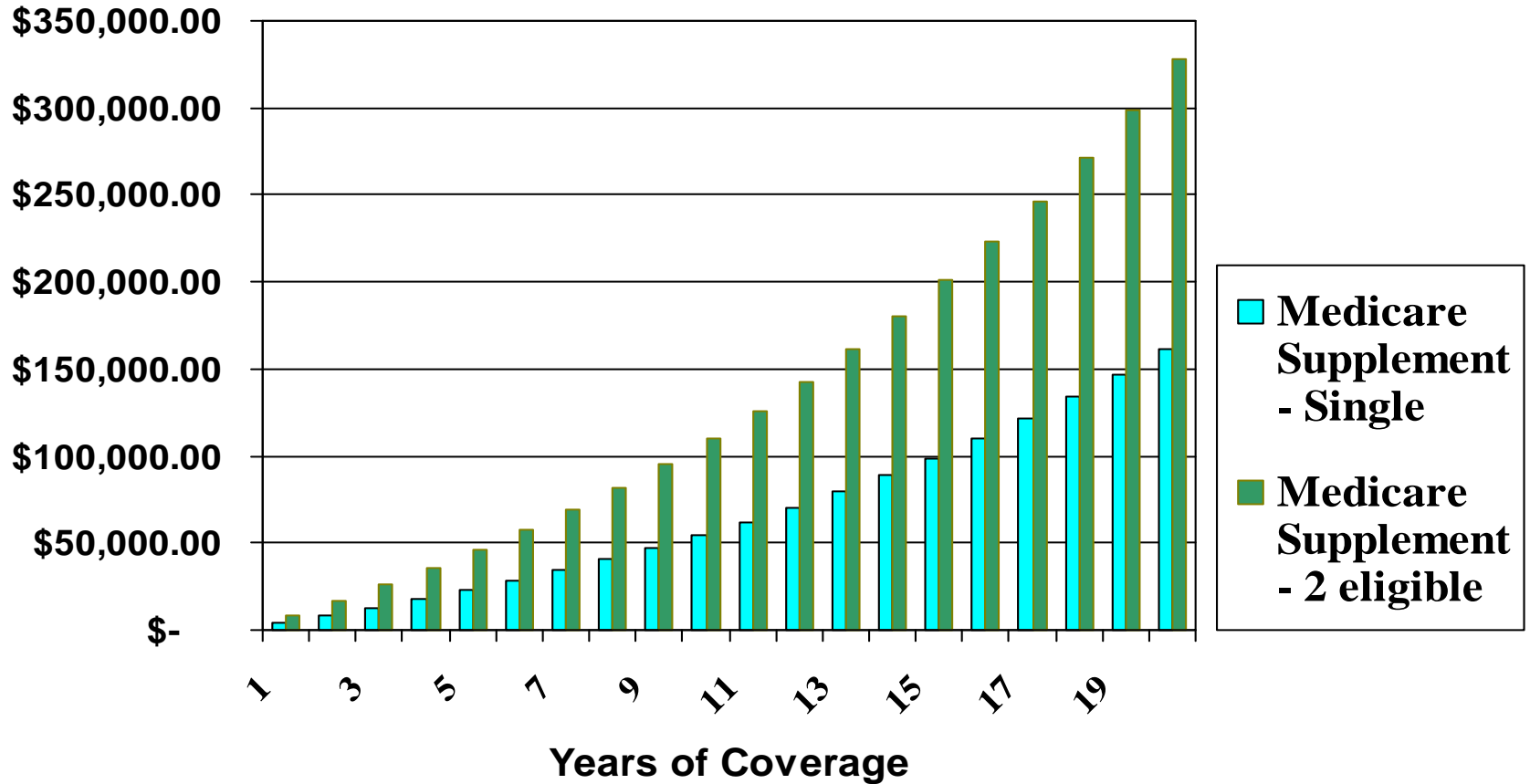
- When you are retired and turn 65, you become eligible for Medicare. If you have State Group Health Insurance, you must sign up for Medicare when you are eligible.
- Your health coverage remains the same as before Medicare coverage became effective. Your insurance is designed to supplement, not duplicate the benefits you receive under Medicare.
- Bills are processed first by Medicare, then by your plan. Because of this coordination with Medicare, your monthly premium for state health insurance is lower.
- In 2007, the Medicare Part B premium for most people is \$93.50/month, but the cost for your health insurance is reduced by more than this.
- For example, here are the 2007 premiums for GHC-Eau Claire:

Non-Medicare Rates		Medicare Rates		
Single	Family	Medicare Single	Family Medicare 2	Family Medicare 1
555.80	1385.80	397.40	792.30	950.70

What your premiums in the State Group Health Program might cost:

Coverage	2007 Average Annual Premium – Under 65	Cost for 5 years @ 7% inflation	2007 Average Annual Premium – over 65 w/ Medicare	Cost for 5 years @ 7% inflation	Cost for 20 years @ 7% inflation
Single	\$6,428 (approximately \$536 / month)	\$35,519	\$3,936	\$22,637	\$161,373
Family	\$15,762 (approximately \$1313 / month)	\$90,645	\$7,989 (2 Medicare eligible)	\$45,942	\$327,508

Cumulative Cost of Health Insurance Premiums @ 7% Inflation



Help with post-retirement health insurance premiums

- ★ The sick leave you build up over your working career will help pay your health insurance premiums after you retire.
- ★ Two Components:
 - Your hours of unused sick leave at retirement
 - Supplemental Sick Leave Credits linked to your years of continuous state service

Am I eligible for sick leave?

Most permanent employees who work at least 1/3 time earn sick leave.

How much sick leave do I earn?

- ★ Full-time faculty and academic staff earn 12 days (96 hours) of sick leave each year.
- ★ Part-time staff earn a pro-rated amount of sick leave based on percent of appointment or hours worked.

Do I lose sick leave not used in the year earned?

- No, your unused sick leave accumulates from year to year as long as you remain employed.

Can my sick leave be paid out at retirement?

- No, unused sick leave cannot be paid out at retirement. Instead, your sick leave is converted into “credits” to pay your health insurance premium after retirement.

What happens if I terminate employment before minimum retirement age of 55?

- Your unused sick leave balance is lost if you are laid off or terminate employment before retirement unless you have at least 20 years of WRS creditable service.
- However, it is restored if you return to a position that earns sick leave within three years.

For details see Unclassified Personnel Guideline #10, www.uwsa.edu/hr/upgs/upg10.pdf

How do I know my sick leave balance?

- Sick leave accrues automatically each month that you are actively employed.*
- You report use of sick leave and other paid leave, if any, on a monthly basis.
- Your leave balances are reported to you monthly.
- Check this report carefully to ensure accuracy.

*There is no accrual during the summer for academic year employees; however, academic year employees earn 6 days each semester.

How do I know my Supplemental Sick Leave Credits?

- ★ These credits are computed at retirement.
- ★ To qualify, you must have at least 15 years of adjusted continuous UW and other State service.
- ★ For each full year of service up to 24 years, you receive 52 hours of supplemental credits.
- ★ For each full year of service over 24, you receive 104 additional hours.
- ★ Total supplemental hours cannot exceed your accumulated sick leave balance.

What are my Years of Continuous Service?

“*Years of adjusted continuous service*” means your total years in the employment of the UW or the State, in positions that are eligible for sick leave.

Part-time work is not pro-rated for this purpose: 20 years of service in a 50 percent appointment equals 20 years of service for the sick leave credit program.

Your Benefits Office can provide your adjusted continuous years of service.

What will my sick leave be worth at retirement?

- First, determine your highest rate of pay in state employment (usually, your current rate) and express it in pay per hour:

Example: a nine-month academic year contract with a salary of \$54,000.

1. Divide your contract salary by 9*.

$$\$54,000 / 9 = \$6,000$$

2. Divide the result by 174.

$$\$6,000 / 174 = \$34.48/\text{hour}$$

*Twelve-month employees divide by 12.

Continued: What will my sick leave be worth at retirement?

- Next, determine your accumulated sick leave balance and your years of adjusted continuous service.

Example: 1900 hours of accumulated sick leave and 25 years of continuous service.

Supplemental sick leave = $(24 \times 52) + 104 = 1,352$ hours

$1,900 + 1,352 = 3,252$ hours

- Finally, multiply total hours times highest rate of pay:

$3,252 \text{ hours} \times \$34.48 / \text{hour} = \$112,128.96$

Supplemental Sick Leave Credit Maximums

15 Years = 780 Hours	21 Years = 1,092 Hours
16 Years = 832 Hours	22 Years = 1,144 Hours
17 Years = 884 Hours	23 Years = 1,196 Hours
18 Years = 936 Hours	24 Years = 1,248 Hours
19 Years = 988 Hours	25 Years = 1,352 Hours
20 Years = 1,040 Hours	

***For each full year up to 24, you receive 52 hours.
For each full year over 24, you receive 104 hours.***

What does this mean for me?

The ability to convert unused sick leave, and to receive supplemental sick leave credits, is a substantial, non-taxable addition to your retirement income.

The cost of your health insurance premiums will be deducted from your accumulated sick leave credits until the credits are used up.

Thereafter, it will be deducted from your Wisconsin Retirement System annuity or billed to you directly.

Eligibility Requirements

To be eligible for post-retirement sick leave credits you must participate in the State of Wisconsin Group Health insurance plan as a subscriber or dependent and:

- ★ Retire and receive a lump sum benefit or
- ★ Begin a WRS annuity immediately after termination or
- ★ Terminate employment with 20 years of WRS creditable State Service but defer application for the retirement benefit.

You can defer use of the sick leave credits indefinitely by applying to “escrow” the credits. You may escrow sick leave at any time if you have comparable health insurance coverage elsewhere, e.g., from another job or through your spouse. To “unescrow” sick leave, you must apply during the annual fall “Dual Choice” period unless your comparable coverage is involuntarily lost.

How long will my sick leave last?

- The answer depends on the type of coverage you have (single or family, Medicare-eligible or not), the plan you select, and inflation.
- Many people assume that they will never use all their sick leave credits. This is unlikely.
- Your insured dependents can continue to use your credits after your death.

How is the Sick Leave Conversion Program authorized?

- ★ The Accumulated Sick Leave Conversion Credits are authorized in state statute: § 40.05(4).
- ★ The Supplemental Sick Leave Conversion Credits are authorized in state pay plans and union contracts.

How is the Sick Leave Conversion Program paid for?

- ★ The benefit is *pre-funded*.
- ★ The rate of funding needed to meet predicted liabilities is calculated annually by the WRS actuary.
- ★ The UW pays a percent of payroll (1.2% in 2007) into the Employee Trust Funds.
- ★ Contributions are invested by the State Investment Board.
- ★ Your accumulated sick leave conversion account does not earn interest or dividends.

While I am working, when can sick leave be used?

- Sick leave can be used when you cannot be present during your official schedule due to medical appointments, your own illness or injury or that of a family member who requires your care, or the death of a family member.
- State law and UW policy allows employees to use sick leave for time off for a birth or adoption.

How should sick leave use be reported?

- You submit a monthly report of your sick leave (and use of vacation and floating holiday if applicable).
- Sick leave should be reported for any absence from your official schedule that was caused by medical necessity.
- If you earn vacation or holiday, you may substitute that time for sick leave.

What is my “official schedule”?

- The default schedule for all unclassified employees is Monday through Friday, 7:45 a.m. – 4:30 p.m.
- With the approval of your department chair or supervisor, you may file an alternate schedule.
- You may change your official schedule whenever necessary.
- Your official schedule should total 40 hours per week (pro-rated for part-time), and should include all classes, office hours, other regularly scheduled obligations, and time for research or other self-directed work required by your appointment.

How much sick leave must I report?

- Reporting is explained in Unclassified Personnel Guideline #10, www.uwsa.edu/hr/upgs/upg10.pdf
- Part-time appointees report actual hours missed.
- Full-time employees report sick leave in half- and full-days (4 and 8 hours).

During each work day, if you miss:	< 2 hrs	2-6 hrs	6-10 hrs
Report leave of:	0 hrs	4 hrs	8 hrs

Why should salaried professionals have to report time away from work?

- Normally, salaried professionals are exempt from overtime regulations and are not accountable for a 40-hour schedule.
- However, public employers may require reporting of leave usage to provide accountability to the public.
- In Wisconsin, unused sick leave has a high value after retirement. Employers contribute to fund the program. Good documentation of your eligibility for sick leave credits is part of the UW's responsibility to the public.

See your Benefits Office for more details

Planning for retirement is an important and complex process.

Consult your Benefits Office!

Your Benefits Office has the knowledge and tools to assist you in preparing for retirement.