

# HOW LAYOFF IMPACTS YOUR BENEFITS

## For Employees Under Minimum Retirement Age

The information in this document pertains to employees whose employment is terminated due to permanent layoff who are under minimum retirement age for their employment category (age 55 for most employees, age 50 for protectives). Other than for group health insurance purposes, a state or UWS employee whose employment is terminated due to permanent layoff is to be treated, for benefit purposes, like any other employee terminating state or UWS service. However, for group health insurance purposes, an employee terminated due to permanent layoff will be treated as if on a leave of absence per §40.02 (40) and §40.05(4)(bm), Wis. Stats.

The following information provides a summary of how benefits are affected by permanent layoff. Contact your [benefits office](#) as soon as you learn about your layoff for benefit continuation forms and answers to your questions.

The following information about health insurance and sick leave credits pertains to termination by permanent layoff only. A non-renewal of an academic staff contract is not a layoff, and thus the additional three months of University-paid health insurance and use of sick leave credits do not apply (ch. UWS 12.01, Wis. Admin. Code).

<p><b>State Group Health Insurance Coverage &amp; Employer Contribution Towards Premium After Layoff</b></p>	<p>Health insurance premiums are paid two months in advance so your health insurance coverage will continue for two months beyond the end of the month in which you terminate employment, provided the premium is paid through that month. The full employer contribution towards your health insurance premium will continue for an additional three months after termination due to layoff for a <u>total of five months of employer contribution after layoff</u>. You are required to pay the employee share of the health insurance premium during these three months in order to maintain your coverage. You can pay your share of the premium for the first three months through payroll deduction from your final check, payment by personal check or with converted sick leave credits.</p> <p><b>NOTE:</b> If you use your sick leave credits to pay for your share of the health insurance premium during the first three months after layoff, you will be required to fully exhaust your sick leave credits before you are eligible to apply for COBRA premium assistance (see COBRA Premium Assistance section).</p> <p>When your eligibility for the full employer contribution towards your health insurance ends five months after layoff, you have the right to continue your health insurance. You can convert your unused sick leave to sick leave credits to pay your health insurance premium for a limited period (see Using Sick Leave Credits section). After eligibility to use your sick leave credits ends, you can maintain your health insurance through one of the following provisions:</p> <ul style="list-style-type: none"> <li>• <b>If you have less than 20 years of WRS creditable service</b>, you may continue group coverage for an additional 36 months under COBRA provisions. If you continue coverage through COBRA, you are responsible for paying the full premium but you may be eligible for a 65% premium reduction for a limited time (see COBRA Premium Assistance section).</li> <li>• <b>If you have 20 years of WRS creditable service</b>, you may continue group coverage indefinitely (provided you do not take a WRS separation benefit) by paying the premium directly to the health insurance carrier.</li> </ul>
<p><b>Using Sick Leave Credits to Pay for Health Insurance Premiums During Layoff after Employer Contribution Towards Premium Ends</b></p>	<p>When your employment terminates due to layoff, you can convert accumulated sick leave to credits at your highest hourly rate of pay. Your health insurance premiums are paid from sick leave credits until the earliest of the following events:</p> <ol style="list-style-type: none"> <li>1. The credits are exhausted;</li> <li>2. The first of the month following the acceptance of other employment offering comparable health insurance coverage;</li> <li>3. Five years have elapsed from the date of layoff (no time restriction if you have at least 20 years of WRS creditable service); or</li> <li>4. You die. Your insured surviving spouse and dependents can continue to use your remaining sick leave credits to pay for health insurance.</li> </ol> <p>If you return to a sick leave eligible UWS or State position within a specified period of time (five years for classified employees, three years for unclassified employees), your remaining sick leave hours will be restored to you.</p> <p style="text-align: center;">(Continued on next page)</p>

<p><b>Using Sick Leave Credits to Pay for Health Insurance Premiums During Layoff after Employer Contribution Towards Premium Ends</b></p>	<p><b>If you have 20 years of WRS service</b>, more generous provisions apply. You may continue to use sick leave credits until they are exhausted. If you have comparable health insurance from another source, you may preserve your sick leave credits for use at a later date. In addition, if you have 15 years of adjusted continuous state service at layoff, you are eligible for supplemental sick leave credits based on years of service and employment category.</p>
<p><b>COBRA Premium Assistance Information</b></p>	<p>Permanent layoff is considered an involuntary termination. An employee who involuntarily terminates employment between September 1, 2008 and December 31, 2009 and elects COBRA coverage effective before December 31, 2009, may be eligible for up to a 65% premium reduction toward State Group Health, Anthem DentalBlue, EPIC Dental &amp; Excess Medical and OptumHealth Vision insurance premiums for up to nine months if coverage is continued through COBRA provisions. All COBRA elections are effective on the first of a month, so your COBRA coverage must be effective on or before December 1, 2009 in order to be eligible for COBRA premium assistance. After nine months, you will be required to pay the entire monthly premium(s) out-of-pocket if you want to maintain coverage.</p> <p>For more detailed information about COBRA premium assistance, including information on eligibility requirements, go to: <a href="http://www.uwsa.edu/hr/benefits/ins/2009COBRA.html">www.uwsa.edu/hr/benefits/ins/2009COBRA.html</a></p> <p><b>FOR HEALTH INSURANCE ONLY:</b></p> <p>Once the employer contribution towards your health insurance ends, you have the option to either immediately begin using your sick leave credits to pay for your health insurance OR immediately elect COBRA coverage.</p> <p><b>If you elect COBRA coverage AFTER you use your sick leave credits</b>, you can use your sick leave credits to pay for your health insurance in full until the credits are exhausted. The credits must be fully exhausted before eligibility for COBRA premium assistance begins. Once the credits are exhausted, you are eligible to elect COBRA coverage. If you only have enough sick leave credits to pay for a partial month of health insurance before you are eligible to enroll in COBRA, you will be required to personally pay the difference between the total premium and the value of sick leave credits during the final month of sick leave credit usage.</p> <p>If your sick leave credits are exhausted <u>and</u> your COBRA coverage is effective before December 31, 2009, you may be eligible for COBRA premium assistance for up to nine months of COBRA coverage. Your eligibility for COBRA premium assistance begins with coverage effective the first of the month following the exhaustion of sick leave credits. Since all COBRA elections are effective on the first of a month, in order to be eligible for COBRA premium assistance, your sick leave credits must be exhausted on or before November 30, 2009 and your COBRA coverage must be effective on or before December 1, 2009. After your eligibility for COBRA premium assistance ends, you will be required to pay the entire monthly premium out-of-pocket if you want to maintain coverage.</p> <p><b>If you elect COBRA coverage INSTEAD OF using your sick leave credits</b> to pay for health insurance, you are immediately eligible for COBRA premium assistance, but you are not eligible to use your sick leave credits to pay for health insurance after COBRA premium assistance ends. After the nine months of premium assistance, you will be required to pay the entire monthly premium out-of-pocket if you want to maintain coverage.</p>
<p><b>Wisconsin Retirement System (WRS)</b></p>	<p>WRS contributions and service credits will end as of your last day paid. You may take a separation benefit and remove the funds in your WRS account at any time before you reach minimum retirement age. If you take a separation benefit, you forfeit the matching employer contributions plus accrued interest, the number of years of WRS service credits and all other rights under the WRS.</p> <p>You have the option to leave your account with the WRS and it will continue to accumulate interest until you receive a distribution. If you wait until your minimum retirement age or later to receive a distribution, your benefit will be based on the full value of your WRS account (employer and employee contributions plus accumulated interest). It is usually more advantageous to delay taking a benefit until you reach minimum retirement age.</p>

<b>Income Continuation Insurance (ICI)</b>	Coverage ends on the date employment terminates.
<b>EPIC Excess Dental &amp; Major Medical</b>	<p>Coverage ends at the end of the month following the month employment terminates provided the premium is paid through that month. You are entitled to continue coverage for up to 36 months under COBRA provisions by submitting a <a href="#">continuation form</a> within 60 days of the coverage end date or 60 days from the date on the continuation form, whichever is later.</p> <p>You may be eligible for a 65% premium reduction for up to nine months (see COBRA Premium Assistance section for more information) if you continue coverage.</p> <p><b>If you have 20 years of WRS creditable service</b>, you may continue coverage indefinitely provided you do not take a WRS separation benefit.</p>
<b>Anthem DentalBlue Dental Insurance</b>	<p>Coverage ends at the end of the month following the month employment terminates provided the premium is paid through that month. You are entitled to continue coverage for up to 18 months under COBRA provisions by submitting a <a href="#">continuation form</a> within 60 days of the coverage end date or 60 days from the date on the continuation form, whichever is later.</p> <p>You may be eligible for a 65% premium reduction for up to nine months (see COBRA Premium Assistance section for more information) if you continue coverage.</p>
<b>Union-Sponsored Dental Insurance</b>	Consult your union representative for information.
<b>OptumHealth Vision Insurance</b>	<p>Coverage ends at the end of the month following the month employment terminates provided the premium is paid through that month. You are entitled to continue coverage for up to 18 months under COBRA provisions by submitting a <a href="#">continuation form</a> within 60 days of the coverage end date or 60 days from the date on the continuation form, whichever is later.</p> <p>You may be eligible for a 65% premium reduction for up to nine months (see COBRA Premium Assistance section for more information) if you continue coverage.</p>
<b>State Group Life Insurance</b>	<p>Coverage ends at the end of the month following the month employment terminates provided the premium is paid through that month.</p> <p><b>If you have less than 20 years of WRS creditable service</b>, you and any eligible dependents covered under Spouse &amp; Dependent coverage (if applicable) may be eligible to convert coverage to an individual policy by submitting a <a href="#">conversion form</a> and first premium directly to Minnesota Life within 31 days of your coverage end date.</p> <p><b>If you have at least 20 years of WRS creditable service</b>, you may be eligible to continue coverage indefinitely by submitting a <a href="#">continuation form</a> directly to the Dept of Employee Trust Funds within 31 days of your coverage end date. If you carry Spouse &amp; Dependent coverage, any covered dependents may be eligible to convert coverage to an individual policy by submitting a <a href="#">conversion form</a> and first premium directly to Minnesota Life within 31 days of the coverage end date.</p>
<b>Individual &amp; Family Group Life Insurance</b>	Coverage ends at the end of the month following the month employment terminates provided the premium is paid through that month. You and any eligible covered dependents may be eligible to convert coverage to an individual policy by submitting a <a href="#">conversion form</a> and first premium directly to Minnesota Life within 31 days of your coverage end date.
<b>UW Employees Inc. Life Insurance</b>	Coverage ends at the end of the month following the month employment terminates provided the premium is paid through that month. You may be eligible to convert coverage to an individual policy by submitting a <a href="#">conversion form</a> and first premium directly to Country Life Insurance Company within 31 days of your coverage end date.
<b>Accidental Death &amp; Dismemberment Life Insurance</b>	Coverage ends at the end of the month following the month employment terminates provided the premium is paid through that month. You may be eligible to convert coverage to an individual policy by contacting Hausmann-Johnson Insurance, 700 Regent Street, Madison, WI 53715 (Phone: 800-729-4287). Application for conversion must be made to Hausmann-Johnson within 31 days of your coverage end date.

<b>University Insurance Association (UIA) Life Insurance</b>	<p>(Unclassified employees only) Coverage continues until September 30<sup>th</sup> following your termination date provided the premium is paid through that date. You may be eligible to continue your coverage indefinitely by submitting a <a href="#">continuation form</a> and premium directly to Minnesota Life no later than October 31<sup>st</sup> following your coverage end date. Late continuation forms will be rejected.</p>
<b>Employee Reimbursement Accounts</b>	<p><b>Medical account:</b> If you do not continue coverage, coverage ends at the end of the month in which your last ERA deduction was taken. Expenses for services received after this date are not reimbursable. You may continue coverage by 1) contributing the remainder of your annual election via a tax-free lump sum contribution taken from your last paycheck(s) or 2) contribute after-tax payments to your account. If you contribute your full annual election, you can incur eligible expenses through March 15<sup>th</sup> following the current plan year. All claims for reimbursement must be submitted to Fringe Benefits Management Company (FBMC) by April 15<sup>th</sup> following the current plan year.</p> <p><b>Dependent Care account:</b> When you terminate employment, you cannot continue contributions. You can continue to incur expenses and request reimbursement from your account until you exhaust the balance or until March 15<sup>th</sup> following the current plan year, whichever is earlier. All claims for reimbursement must be submitted to Fringe Benefits Management Company (FBMC) by April 15<sup>th</sup> following the current plan year.</p>
<b>Tax-Sheltered Annuity 403(b) Account (TSA)</b>	<p>You may stop contributions at any time by filing a <a href="#">Salary Reduction Agreement</a>. Contributions will end automatically on your last paycheck. After termination of employment you may withdraw some or all of your account but a 10% early withdrawal tax penalty may apply. Contact your investment company for more information.</p>
<b>Wisconsin Deferred Compensation Account</b>	<p>You may stop contributions at any time by contacting <a href="#">Wisconsin Deferred Compensation</a> directly. Contributions will end automatically on your last paycheck. After termination of employment you may withdraw some or all of your account. You will not be subject to a 10% early withdrawal tax penalty.</p>
<b>Accrued Leave Time (Vacation, Sabbatical, Personal/Floating Holidays, ALRA, Compensatory Time)</b>	<p>Please refer to your layoff letter to see if you are eligible to receive payment at layoff for any unused accrued leave. In some layoff situations, you may be required to use any accrued paid leave before your termination date or it will be lost.</p> <p>If eligible for a payout of accrued leave, you will receive a lump-sum payment for accrued vacation and other leave time owed to you on either your final paycheck or a separate check after your termination date. You can contact your payroll office to confirm the date to expect your lump-sum payment. This payment is not reportable for WRS purposes.</p>

*Every effort has been made to ensure that this information is correct and current. However, the terms and conditions of UW benefits programs are established by state and federal laws and regulations, the relevant contracts, and the policies of the Board of Regents. These sources of authority have control over the information in this fact sheet to the extent there are any differences or conflicts.*

*If you need this material interpreted or in a different form, or if you need assistance using this service, please contact us.*



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