



UW System Employee Benefit Changes Due to Recent Legislation

The following is a brief summary of key benefit provisions in recently enacted state law. Additional information is available at:

<http://www.wisconsin.edu/hr/benefits/repairbillfaq.pdf>

Wisconsin Act 10 (budget repair bill), as amended by Wisconsin Act 32 (2011-13 biennial budget bill), makes statutory changes to several benefit provisions of the Wisconsin Retirement System (WRS) and State Group Health Insurance, as well as changes to the payment of union-related dues and fees. The Act became effective on June 29, 2011.

- Health insurance premiums for employees covered by the Wisconsin Retirement System who are eligible for the full employer contribution towards their premium will increase to the premiums listed below. The changes will remain in effect for the remainder of 2011 coverage year.

New <u>Monthly</u> Health Insurance Premiums for WRS-Covered Employees		
	Single	Family
Tier 1 (all plans, except the Standard Plan)	\$84	\$208
Tier 2 (Standard Plan – required to work outside WI)	\$122	\$307
Tier 3 (Standard Plan – work in WI)	\$226	\$567

- Employees paid on a biweekly basis will have the new premiums taken from the paycheck dated 8/25/2011
 - Employees paid on a monthly basis will have the new premiums taken from the paycheck dated 9/1/2011
 - Academic year employees, who had multiple health insurance deductions taken from the June 1 check, will have an adjustment made to reflect the amount that should have been paid for the payroll month of August (September coverage).
 - Health insurance premiums for employees covered by the **Graduate Assistant/Short-Term Academic health insurance will increase to half of the premium listed above.**
 - For a detailed explanation of the new health insurance premiums, see <http://www.wisconsin.edu/hr/benefits/repairbillhealth.pdf>.
- Act 10 requires the Group Insurance Board (GIB) to design health plans for the 2012 coverage year that reduce the average premium cost by at least 5%. For information about the health insurance changes effective January 1, 2012, see <http://www.wisconsin.edu/hr/benefits/ins/sgh2012.pdf>.

- Act 10 prohibits the employer from picking up the employee-required WRS pension contributions on behalf of the employee.
 - All UWS employees covered by the WRS, with the exception of those who are in the executive retirement category, will pay 5.8% of earnings for the remainder of calendar 2011 (Executives will pay 6.65%).
 - The employee required contributions will begin with the same paycheck as the new health insurance premiums, noted above.
 - The pension contributions will be taken on a “pre-tax” basis ; not subject to state and federal tax withholding. Act 32 amended Act 10 to include this provision.
 - Changes the multiplier for calculating a formula benefit for the executive retirement category from 2.0% to 1.6% for service earned after June 29, 2011.
- Act 10 prohibits the payment of union dues through payroll deduction and allows employees to refrain from paying dues or fees to a union. Union-sponsored dental insurance premiums are also no longer eligible to be taken through payroll deduction.
 - All union-related dues, fees and union-sponsored dental insurance deductions will end as of the bi-weekly check payable July 28, 2011 and the monthly check payable August 1, 2011.

Wisconsin Act 32 (2011-13 biennial budget bill) also makes several changes to benefit provisions under the WRS. The WRS provisions under Act 32 are effective July 1, 2011.

- Act 32 changes the eligibility requirements for employees initially hired by a WRS-covered employer on or after July 1, 2011. In order to be eligible for coverage under the WRS, these employees will be required to work at least two-thirds of full-time per year (1200 hours for classified employees and 880 hours for unclassified employees) and be expected to work for at least one year (if an academic year employee is expected to return year after year, the employee is considered to have met the one-year requirement).
- Employees who worked for any WRS-covered employer prior to July 1, 2011, are subject to the “old” WRS eligibility requirements (must work one-third of full-time and be expected to work for one year). The employee only had to work for a WRS-covered employer – **the employee did not need to be covered by the WRS.**
- Act 32 contains a five-year WRS vesting provision. The provision applies to employees who initially begin working for a WRS employer on or after July 1, 2011. The provision does not apply to employees who have WRS service prior to July 1, 2011. Under the vesting provision, WRS members are not eligible for a retirement benefit until they have five years of WRS creditable service. If an employee leaves a WRS-covered position prior to fulfilling the vesting requirement, the employee would be eligible for a separation benefit (employee contributions plus accumulated interest).

Prepared by:

UW System Administration
Office of Human Resources & Workforce Diversity
Revised July 18, 2011