

## HOW LAYOFF IMPACTS YOUR BENEFITS

- **For Employees Under Minimum Retirement Age**
- **For Employees Not Vested in the Wisconsin Retirement System who are at or above 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) or who are at or above minimum retirement age but are not vested in the Wisconsin Retirement System (WRS). Other than for group health insurance purposes, a state or UW System (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>Wisconsin Retirement System (WRS)</b></p>	<p>WRS contributions and service credits will end as of your last day paid. Once employment is terminated, you have the option to take a separation benefit – receive the value of employee contribution plus associated interest. You will 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>If vested, you may take a separation benefit at any time before you reach minimum retirement age. If not vested, you are only eligible to receive a separation benefit and may apply for this benefit at any time after termination.</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 are vested and 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> <p>See the ETF brochure, <a href="#">Separation Benefits</a>, for additional information.</p>
<p><b>State Group Health Insurance Coverage &amp; Employer Contribution Towards Premium After Layoff</b></p>	<p>Health insurance premiums are paid one month in advance of coverage. If laid off, the employer contribution towards your health insurance will continue for an additional three months so you will receive a total of four months of the employer contribution towards your health insurance premium after layoff.</p> <p>You are required to pay your share of the health insurance premium during these months in order to maintain your coverage. You can pay your share of the premium through pre-tax payroll deduction from your final check, payment by personal check or with converted sick leave credits.</p> <p>If you do not exercise your right to receive the three additional months of the employer contribution towards your health insurance premium, coverage will end at the end of the month in which your terminate employment. If premium has been paid for coverage beyond that date, it will be refunded to you.</p>

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\* Employees who have any WRS creditable service prior to July 1, 2011, are immediately vested in the WRS. Employees who began WRS-covered employment for the first time on or after July 1, 2011, must have five years of WRS creditable service to be vested in the WRS. If vested in the WRS and at or above minimum retirement age, see the following document about how layoff affects your benefits: <http://www.wisconsin.edu/hr/benefits/lifevent/uws42.pdf>.

<p><b>State Group Health Insurance Coverage &amp; Employer Contribution Towards Premium After Layoff</b></p> <p><i>(continued)</i></p>	<p>When your eligibility for the full employer contribution towards your health insurance ends four 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, or you exhaust your sick leave credits, whichever happens first, 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/continuation provisions and you will be responsible for paying the full premium.</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 begin date 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/domestic partner 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><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>Income Continuation Insurance (ICI)</b></p>	<p>Coverage ends on the date employment terminates.</p>
<p><b>EPIC Benefits+</b></p>	<p>Coverage ends at the end of the month in which employment terminates. If premium has been paid for coverage beyond that date, it will be refunded to you. You are entitled to continue coverage for up to 18 months under COBRA provisions by submitting a <a href="#">continuation form</a> to the EPIC Life Insurance Company within 60 days of the coverage end date or 60 days from the date on the continuation form, whichever is later.</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>
<p><b>Dental Wisconsin Dental Insurance</b></p>	<p>Coverage ends at the end of the month in which employment terminates. If premium has been paid for coverage beyond that date, it will be refunded to you. You are entitled to continue coverage for up to 18 months under COBRA provisions by submitting a <a href="#">continuation form</a> to the EPIC Life Insurance Company within 60 days of the coverage end date or 60 days from the date on the continuation form, whichever is later.</p>
<p><b>Anthem DentalBlue Dental Insurance</b> <i>(union-represented classified employees only)</i></p>	<p>Coverage ends at the end of the month in which employment terminates. If premium has been paid for coverage beyond that date, it will be refunded to you. You are entitled to continue coverage for up to 18 months under COBRA provisions by submitting a <a href="#">continuation form</a> to Anthem DentalBlue within 60 days of the coverage end date or 60 days from the date on the continuation form, whichever is later.</p>

<b>VSP Vision Insurance</b>	Coverage ends at the end of the month in which employment terminates. If premium has been paid for coverage beyond that date, it will be refunded to you. You are entitled to continue coverage for up to 18 months under COBRA provisions by submitting a <a href="#">continuation form</a> to VSP within 60 days of the coverage end date or 60 days from the date on the continuation form, whichever is later.
<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/Domestic Partner &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/Domestic Partner &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 in which employment terminates. If premium has been paid for coverage beyond that date, it will be refunded to you. 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 in which employment terminates. If premium has been paid for coverage beyond that date, it will be refunded to you. You 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>Accidental Death &amp; Dismemberment Life Insurance</b>	Coverage ends at the end of the month in which employment terminates. If premium has been paid for coverage beyond that date, it will be refunded to you. You may be eligible to convert coverage to an individual policy within 60 days of your coverage end date. See the <a href="#">conversion brochure</a> for details. You must contact Zurich American Insurance Company at 1-800-834-1959 to request a conversion application (reference policy number GTU 8364005).
<b>University Insurance Association (UIA) Life Insurance</b>	(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 November 29 <sup>th</sup> following your coverage end date. Late continuation forms will be rejected.
<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>	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.
<b>Wisconsin Deferred Compensation Account</b>	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 an early withdrawal tax penalty.
<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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