



# The University Of Wisconsin System

## Benefit Summary for Executive Staff

### Calendar Year 2018

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The University of Wisconsin System offers a comprehensive employee benefit package that includes health, dental, vision, life, disability and long-term care insurance, as well generous leave benefits and coverage by one of the largest public retirement systems in the United States.

Core benefits are established by statute and are administered by the Department of Employee Trust Funds (ETF) to serve all state and most local public employees in Wisconsin. In addition, the University offers a number of ancillary benefits that enhance the value of University employment.

This is a high-level overview of Executive Benefits. Executive Staff consists of the UW System President, UW System Vice President(s), Institution Chancellor and Institution Provost(s). For additional information see the *Faculty, Academic Staff and Limited Appointees Covered by the Wisconsin Retirement System Benefit Summary* at <https://www.wisconsin.edu/ohrwd/benefits/download/summaries/fasl.pdf> or the UW System Office of Human Resources and Workforce Diversity website is at <https://www.wisconsin.edu/ohrwd/benefits/>.

#### Enrollment Deadlines and Effective Dates

Most benefit plans have a 30 day enrollment period from your hire date.

Most benefits are effective on the first of the month on or following your benefit eligibility date if your elections are received within 30 days of your eligibility date by your human resources office.

#### Dependent Coverage

All employee benefit plans, except disability and employee-only life insurance plans, provide coverage to an employee’s spouse and eligible children.

#### Meet ALEX

We recommend that you have a conversation with ALEX, your virtual benefits counselor. ALEX explains your benefit options in plain English and helps you choose the plans that make the most sense for you and your family. Visit the ALEX landing page and begin your ALEX conversation at <https://www.wisconsin.edu/ohrwd/benefits/alex/>.

*Every effort has been made to ensure the information in this benefit summary is true and accurate. If there is any discrepancy between this summary and the official plan documents, the language in the official documents shall be considered accurate.*

## Health Insurance

The University participates in the State of Wisconsin Group Health Insurance Program. The State of Wisconsin Group Insurance Board determines coverage provisions, reviews premium levels, and monitors participating plans. The program is nationally known for its innovative approaches towards health insurance.

The State Group Health Insurance program is administered by the Department of Employee Trust Funds (ETF).

You are eligible for State Group Health Insurance if you are eligible for the Wisconsin Retirement System (WRS). You may enroll your spouse and any eligible children. Note: The HDHP and Access HDHP plan designs have additional eligibility requirements.

- ◇ Four plan designs to choose from. Two plan designs, Health Plan and High Deductible Health Plan (HDHP), offer health plans (insurance carriers) that provide coverage mainly in Wisconsin (some offer coverage in surrounding states) and two plan designs (Access and Access HDHP) that provide nationwide.
- ◇ Uniform Benefits provides a standardized level of benefits offered to those covered by one of the Health Plans or HDHPs.
- ◇ All health insurance options have an annual deductible, but the HDHP and Access HDHP plan designs have higher annual deductibles and lower monthly premiums than their non-HDHP counterparts (Health Plan and Access Plan). See [Comparison of Medical Benefits](#) for more details.
- ◇ Once the deductible is met, you will typically pay 10% coinsurance or office visit copays for non-preventive services that are incurred in-network. (Federally mandated preventive services are paid at 100% under all health plans.)
- ◇ Pharmacy benefits are included. After the deductible is met, you will be required to pay a copay or coinsurance when you buy prescription drugs based on the level of the drug.
- ◇ Uniform Dental coverage may be added on for a minimal cost. Uses Delta Dental provider network.
- ◇ The HDHP and Access HDHP plans are paired with a Health Savings Account (HSA), a pre-tax savings account that can be used to pay for current and future qualified expenses.
- ◇ You may be eligible to receive up to a **\$2,000 Opt-Out Incentive** from the UW if you decline State Group Health Insurance coverage for 2017 and submit a paper application to opt out. See [Eligibility Requirements](#) for more information.

### 2018 Monthly Employee Premium

Health Plan	Health Plan Design		HDHP Plan Design	
	Single	Family	Single	Family
Employees working below 50% time must pay 50% of the entire premium for their health				
All Health Plans with Uniform Dental (except Access Plan)	\$88	\$219	\$33	\$82
All Health Plans w/o Uniform Dental (except Access Plan)	\$85	\$211	\$30	\$74
Access Plan with Uniform Dental	\$266	\$664	\$211	\$527
Access Plan w/o Uniform Dental	\$263	\$656	\$208	\$519

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## Health Savings Account (HSA)

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In order to enroll in the HSA, you must be eligible for and enroll in the HDHP **and** you:

- Must be covered only by an HSA-qualified health plan. The HDHP and Access HDHP health plans are HSA-qualified. Other health coverage, such as Medicare, TRICARE or other traditional health plans will disqualify you; and
- Cannot have a general purpose Health Care Flexible Spending Account, including through a spouse; and
- Cannot be claimed as a dependent on someone else's tax return (other than your spouse)

It is the employee's responsibility to maintain eligibility in the HSA. Tax consequences may apply if eligibility is not maintained while contributions are made to the HSA. If you have questions related to this, please consult your tax advisor.

<b>Annual Contribution Information for HSA</b>		
<b>HDHP/Access HDHP Enrollment</b>	<b>Employer Contribution (If coverage effective January 1st)</b>	<b>2018 Limit (from all sources, including employer contribution)</b>
Single	Up to \$750/year	\$3,450*
Family	Up to \$1,500/year	\$6,850*

\*If you are 55+ years of age, you may contribute an additional \$1,000 "catch-up" per year to your HSA.

\*Limit is prorated if your start date is after January 1.

See [Maximum HSA Contributions for Mid-Year Hires](#) for more info.

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## Disability Insurance

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The University participates in the State of Wisconsin Income Continuation (ICI) program which replaces a portion of an employee's income if unable to work due to a short-term disability. If an employee is disabled and unable to work, the ICI Program pays 75% of salary up to \$4,000 per month.

Any employee who makes more than \$64,000 may enroll in the Supplemental ICI program that covers earnings up to \$120,000. If enrolled in the Standard and Supplemental ICI programs, an employee can receive a maximum monthly benefit of \$7,500.

The University pays a portion of the premium once the employee has one year of University or state service. You may enroll upon eligibility and pay the full premium for the first twelve months or enroll for coverage to be effective after one year of service when the employer contribution begins.

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## Retirement Benefits

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### Wisconsin Retirement System (WRS)

Employees are immediately eligible for coverage by the Wisconsin Retirement System (WRS). If an employee was covered by the WRS at any time prior to July 1, 2011, the employee is immediately vested in the WRS. If an employee is first covered by the WRS on or after July 1, 2011, there is a five-year vesting requirement.

The WRS is administered by the Department of Employee Trust Funds (ETF) and its assets are managed by the State of Wisconsin Investment Board (SWIB). As of July 2016, the WRS covered more than 605,000 public employees in Wisconsin and had over \$95.5 billion in assets. The WRS is the 11th largest US public pension plan and the 14th largest public or private pension plan in the world.

The WRS is recognized as a national leader among public retirement systems due to its management of long-term liabilities and retiree health care, as well as funding nearly 100% of its future liabilities.

The University pays half the total retirement contribution on behalf of executive employees. In 2018, the total retirement contribution for executive employees is 13.4% of salary, up to federal limits. The University will contribute 6.7% and the employee will contribute the other 6.7%. All employee WRS contributions are taken on a pre-tax basis for state and federal tax purposes.

Per federal limits, the University can remit WRS contributions on the first \$272,500 of salary for fiscal year 2017-2018.

#### **Benefits provided by the Wisconsin Retirement System include:**

**Separation Benefits** (payable to terminated employees prior to minimum retirement age or to employees at or above minimum retirement age who are not vested in the WRS): employee receives the value of the employee portion of the WRS account plus any accumulated interest.

**Long-term Disability Benefits:** if an employee becomes disabled and meets certain eligibility requirements, employee can receive up to 40% of final average monthly salary until normal retirement age.

**Death Benefits** (payable if the employee dies as an active employee and/or before receiving WRS retirement or disability benefits): if an employee dies while still actively employed, the full value of the employee's WRS account is payable upon death.

**Retirement Benefits** (eligible if vested in the WRS and are at least age 55): retirees receive a monthly annuity payment for life (provided WRS account is large enough to support an annuity) and can select an annuity that also provides an annuity to another person after the retiree's death.

#### **Determining Your WRS Retirement Benefit**

Upon retirement, you will receive a monthly annuity based on the greater of either:

- ◇ 1.6% x years of WRS service x average monthly salary of the highest three years of WRS employment; or
- ◇ the money purchase value of your WRS account (two times the employee's retirement account).

Annuity reductions may apply if the employee retires before age 62\* or elects to include a death benefit in the annuity. A lump sum retirement benefit is available in lieu of a monthly annuity if the WRS account is not large enough to provide a monthly annuity. Each spring there is an adjustment to the retirement annuity that is based on the performance of the WRS.

#### **WRS Annuity Calculation Example**

- ◇ Average annual salary of the three highest years of WRS employment: \$150,000 / Average monthly: \$12,500
- ◇ Years of WRS Service: 10 | Age at Retirement: 62
- ◇ Monthly annuity = \$12,500 x 0.016 (formula factor) x 10 yrs WRS service = \$2,000/month annuity

\*A member who becomes employed in an Executive Staff position after 12/31/16, must be age 65 to receive the full benefit unless the member has 30 years of service (may then retire at age 57 with full benefit).

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## Retirement Benefits

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### Social Security and Medicare

All employees, except most students, have FICA taxes withheld from their paychecks.

**Social Security:** You and the UW each pay 6.2% on covered compensation up to \$128,700.

**Medicare:** You pay 1.45% on covered compensation up to \$200,000 and 2.35% on covered compensation thereafter. The UW pays 1.45% on all covered compensation (no limit).

### Post-retirement Health Insurance

When an employee receives a retirement benefit from the WRS, the employee is eligible for coverage under the State Group Health Insurance plan for life. Although the UW System does not contribute to health insurance premiums after employment ends, the employee's unused sick leave that accumulates without limit throughout employment is converted to credits to pay for health insurance in retirement. Once these credits are exhausted, retirees have the option to maintain coverage by paying the premium out-of-pocket.

The value of sick leave credits at retirement is based on an employee's highest hourly rate in University or state employment, the total number of accumulated sick leave hours and how long the employee has been employed with the University or the state. Once an employee has 15 years of continuous University or state employment, the employee is eligible for supplemental sick leave credits.

The University contributes 1.2% of an employee's annual salary to ETF to pre-fund this program. Employees who retire from state service or who terminate with at least 20 years of WRS service may escrow or preserve the sick leave credits they have accrued over their employment if these credits are not immediately needed at retirement.

In the event of your death, any survivors listed on your health insurance coverage may use your sick leave credits to pay for the continuation of the State Group Health Insurance plan.

### **Examples**

#### **Example 1:**

Employee retires after 5 years, has 60 days (480 hours) of sick leave and a highest annual salary of \$150,000

Highest Hourly Rate =  $(\$150,000 / 12 \text{ months} / 174 \text{ hours}) = \$71.839/\text{hour}$

Total Sick Leave Credits =  $\$71.839/\text{hr} \times 480 \text{ hours} = \$34,482.72$

#### **Example 2:**

Employee retires after 20 years, has 230 days (1840 hours) of sick leave and highest annual salary of \$150,000

Highest Hourly Rate =  $\$71.839/\text{hour}$

Regular Sick Leave Credits =  $\$71.839/\text{hr} \times 1840 \text{ hours} = \$132,183.76$

Supplemental Sick Leave Credits =  $20 \text{ yrs service} \times 52 \text{ hrs/yr supplemental credits} \times \$71.839/\text{hr} = \$74,712.56$

Total Value of Sick Leave Credits =  $\$132,183.76 + \$74,712.56 = \$206,896.32$



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## Retirement Benefits

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### Supplemental Retirement Savings Plans

All employees are covered by the Wisconsin Retirement System, but employees are also eligible to participate in two additional retirement investment programs that allow them to set aside money on either a pre-tax or after-tax (Roth) basis to help fund retirement. The University does not match any contributions to these supplemental programs.

<b>University of Wisconsin Tax-Sheltered Annuity (TSA) 403(b) Program</b>	<b>State of Wisconsin Deferred Compensation (WDC) 457 Program</b>
Employees may make tax-deferred contributions to any of five providers: TIAA, Fidelity, T. Rowe Price, Ameriprise/RiverSource and Lincoln National. TIAA, Fidelity, T. Rowe Price and Lincoln also offer an after-tax Roth option. There are no University fees, and many low-cost institutional share-class funds are available.	Employees may make tax-deferred and post-tax (Roth) contributions to one or more of the many investment options provided by the plan; a brokerage window is also available. Annual fees are \$0—\$198 based on the account value. WDC offers twenty-two investment options as well as a brokerage window.

In 2018, employees under age 50 may contribute up to \$18,500 into both plans and employees who are 50 or older may contribute up to \$24,500 into both plans. Employees may enroll at any time.

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## Life Insurance Benefits

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There are five different life insurance plans available to help meet the needs of University employees. Employees may enroll in any combination of plans. Employees pay 100% of the premium for all plans, except the State Group Life Insurance plan (University pays a portion of the premium).

- ◇ **State Group Life Insurance:** term life insurance that allow employees to elect up to five times their annual salary for coverage on themselves and up to \$20,000 of spouse and \$10,000 child coverage; employee death benefit doubles if death is accidental. Basic coverage will continue at a reduced amount for your lifetime, without cost, for eligible retirees older than 65 and for active employees over age 70.
- ◇ **Individual and Family Group Life Insurance:** term life insurance that allows employees to initially elect \$20,000 of coverage on themselves, \$10,000 on a spouse/domestic partner and \$5,000 for children; annual opportunity to increase coverage level on employee and covered family members (restrictions apply).
- ◇ **UW Employees Inc Life Insurance:** employee-only decreasing term life insurance; coverage level based on age.
- ◇ **Accidental Death & Dismemberment Insurance:** provides benefits if you or a covered family member suffers a covered loss of life, loss of limb(s), sight, speech, hearing or a permanent and total disability due to a covered accident; includes Zurich Travel Assist coverage - a comprehensive travel assistance program.
- ◇ **University Insurance Association (UIA) Life Insurance:** employee-only decreasing term life insurance; annual premium of \$24, paid by the employee. This plan is mandatory.

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## Long Term Care Insurance

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Providers and policy provisions are authorized by the State of Wisconsin Group Insurance Board. Employees may apply at any time through medical underwriting for coverage for themselves and their family members, including spouse, your parents or their parents. Must reside in WI to be covered. Employee pays the entire premium.

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## Dental and Vision Benefits

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The dental and vision plans available to University employees provide benefits beyond what is offered by the State Group Health Insurance (including Uniform Dental) plans. The employee pays 100% of the premium for the following plans:

- ◇ **EPIC Benefits+:** provides dental and vision benefits beyond what is provided by State Group Health Insurance; cash payment if hospitalized in excess of three days; accidental death and dismemberment benefit.
- ◇ **Dental Wisconsin:** a stand-alone dental insurance plan that provides dental coverage and a vision discount program beyond what is provided by State Group Health Insurance.
- ◇ **VSP Vision Insurance:** provides coverage for a vision exam plus eyeglass lenses or contact lenses once every calendar year and eyeglass frames once every other calendar year; provides discounts on laser vision correction; provides KidsCare program.

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## Employee Reimbursement Account (ERA)/Flexible Spending Program

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The ERA program is a Flexible Spending Account (FSA) program that allows you to set up an account to pre-fund your anticipated, eligible medical and dependent care expenses. You decide how much to set aside and that amount is deducted from each paycheck before Federal, State and FICA taxes are calculated so you save money on taxes.

<p>A <b>Health Care FSA</b> is used to pay for eligible medical expenses that aren't covered by your insurance. These expenses can be incurred by you, your spouse (same or opposite-sex spouse) and your qualifying child or relative. You may contribute up to \$2,600 to your Health Care FSA account.</p>	<p>A <b>Dependent Day Care FSA</b> is used to pay for eligible dependent care expenses such as after school care, baby-sitting fees, adult or child daycare and preschool. Eligible dependents include your qualifying child, spouse (same or opposite-sex spouse) and/or relative. You may contribute up to \$5,000 to your Dependent Day Care FSA account (maximum contribution limit depends on tax filing status).</p>
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A **Limited Purpose FSA** is available for employees who enroll in a High Deductible Health Plan (HDHP).

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## Leave Benefits

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All paid leave benefits are based on the fiscal year of July 1<sup>st</sup> – June 30<sup>th</sup>. Executive employees earn vacation, personal holiday, legal holiday and sick leave per the following schedule:

- ◇ **Vacation:** 22 days (176 hours) – unused leave may be carried over for one year. After 10 years of service, up to 5 days (40 hours) per year may be banked for use at a later time or for cash-out at termination. After 25 years, a total of 10 days (80 hours) per year may be banked.
- ◇ **Personal Holiday:** 4.5 days (36 hours)
- ◇ **Legal Holiday:** 9 days (January 1, Martin Luther King Day, Memorial Day, July 4, Labor Day, Thanksgiving Day, and December 24, 25, and 31)
- ◇ **Sick Leave:** Receive an initial entitlement of 22 days (176 hours) that will be available for use during first 18 months of employment. After 18 months, accrue one day (8 hours) of sick leave per month for a total of 12 days (96 hours) per fiscal year. Sick leave accumulates without limit.