

Some States Require Short-Term Disability

Temporary disability benefits are regulated in five states: **California, Hawaii, New Jersey, New York and Rhode Island, and in Puerto Rico.** These states have laws which provide benefits to workers who are temporarily disabled by non work-related injuries or illnesses. Benefits can be paid by a state fund, private insurance company or self-insured employer.

Disability laws cover ill or injured individuals who do not qualify for workers' compensation or unemployment benefits. In most jurisdictions, pregnant employees unable to work are also eligible for temporary disability benefits on the same terms and conditions as workers with other disabilities. These provisions are consistent with the non-discrimination requirements imposed on employers under federal law. However, Puerto Rico has a separate maternity leave act providing up to eight weeks of leave at full wages.

The specific details of mandated temporary disability programs, from the benefits paid to the use of private insurers, vary considerably from jurisdiction to jurisdiction.

Mandated disability benefits are financed solely by employee contributions, employer contributions, or both. Even when a state plan is financed solely by employee contributions, employers must withhold the contributions from employees' paychecks, submit the amounts withheld to the state government and file reports. Employers that fail to comply with these requirements are subject to penalties.

Following is a brief outline of the basic provisions of each state program.

If you have any additional questions, please contact your Mesirow Financial representative.

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California

California requires all employers with employees located in California to participate in a temporary disability program, or a private plan that provides temporary disability benefits exceeding those of the state plan in at least one respect. For employers to self-insure this coverage or obtain private coverage, a majority of employees must consent.

Temporary disability benefits are funded through employee contributions, although employers can elect to pay some or all of the employee contributions. Employees contribute 1.18 percent (this includes .08% to fund and cover start-up costs for the new family temporary disability insurance program) of their first \$68,829 of annual earnings; the maximum employee contribution for the calendar year is \$812.18.

The 2004 maximum weekly benefit is \$728 per week. Benefits can last up to 52 weeks and are reduced by the amount of any workers' compensation benefits received by an employee.

In 2005, the taxable wage will increase to \$79,418. The benefits will remain at 55% of an employee's average weekly wages, but the limit will increase to \$840 per week.

The family temporary disability insurance program will begin paying benefits after July 1, 2004 to employees who need leave to care for seriously ill family members or to bond with newborn or newly placed adoptive or foster children. Paid family leave benefits are at the same level as other temporary disability benefits, but the duration of benefits is limited to six weeks in a 12-month period. Employees cannot receive family temporary disability insurance benefits if they are eligible for unemployment compensation, other state disability insurance benefits, or other cash benefits, or if another family member can provide care.

For further information, call 800-480-3287 or visit www.edd.ca.gov.

Hawaii

Hawaii requires all employers to participate in a temporary disability benefit program. The state-maintained plan covers workers who are either unemployed when their disability begins or whose employers have gone bankrupt. For all other cases of disability, employers must obtain private coverage or self-insure this coverage to provide temporary disability benefits.

Employers must contribute at least half of the plan's costs, with employees contributing the remaining amount. No employee can be required to contribute more than 0.5 percent of his or her average weekly wages, and the maximum contribution for any employee in 2004 is \$3.60 per week.

For most workers, temporary disability benefits are 58 percent of average weekly wages, up to a maximum of \$418 per week in 2004. For workers whose average weekly wages are less than \$26, benefits equal average wages, up to \$14 per week. Benefits are available for 26 weeks per year; however, employees cannot receive disability benefits for any period in which workers' compensation benefits are paid or payable.

For more information, call 808-586-9188.

New Jersey

New Jersey's temporary disability law covers all employers subject to the state's unemployment insurance law. Employers can participate in the state temporary disability plan or a private plan that provides benefits equal to or exceeding those available from the state plan. Private plans can also be commercially insured or self-insured.

An employer's standard contribution rate is 0.5 percent of an employee's taxable wages. Standard rates are modified to reflect the employer's temporary disability experience and the state fund balance. Employee withholdings are 0.5 percent of taxable wages; the taxable wage base is \$24,300 in 2004.

Temporary disability benefits are two-thirds of a claimant's wages to a maximum of \$459 per week in 2004. Benefits are available for up to 26 weeks.

For more information, call 609-292-7060 or visit www.nj.gov/labor.

New York

New York's program covers employers with one or more workers on 30 days of any calendar year or whose quarterly payrolls are at least \$300. Employers can participate in the state-maintained temporary disability benefit plan or a private plan that provides benefits equal to the state program. Private plans can be self-insured or commercially insured.

Employees contribute .05 percent of their income, up to a maximum weekly contribution of 60 cents per employee. Employers may contribute any added sums needed to provide benefits and must file an annual report.

Temporary disability benefits are 50 percent of an employee's weekly wages to a maximum of \$170 per week. For employees whose weekly wages are less than \$20, temporary disability benefits equal wages. Benefits last for 26 weeks; however, employees cannot receive temporary disability benefits for any period in which workers' compensation benefits are payable or paid.

For more information, call the Disability Benefits Bureau at 800-353-3092.

Puerto Rico

Temporary disability requirements apply to all employers, and Puerto Rico maintains a temporary disability plan in which employers can participate. Employers can also use private insurance or self-insured plans that provide benefits comparable to those of the public plan, provided a majority of employees consent to the level of employee contributions required under the private plan.

Temporary disability benefits are funded through a .06 percent tax on the first \$9,000 of an employee's income. Employers must contribute at least half this tax, but employees can be required to contribute the remaining sum.

Temporary disability benefits range from \$12 to \$113 per week for nonagricultural workers. Agricultural workers receive a maximum of \$55 per week.

Benefits are available for 26 weeks. Employees usually cannot receive temporary disability benefits in any period that workers' compensation is paid or payable. However, if workers' compensation benefits are less than allowable temporary disability payments, the temporary disability program pays the difference.

For more information, call 787-754-2119 or 2120.

Rhode Island

Rhode Island requires all employers to participate in a state temporary disability fund. Employers can elect to contribute to the fund, which otherwise is funded through employee contributions.

Contributions are set at 1.5 percent of the first \$46,800 of an employee's taxable wages in 2004.

Claimants can receive up to \$561 per week through June 30, 2004. Claimants supporting children also receive the greater of 7 percent of their weekly benefit or \$10 per dependent child, for up to five children. Benefits are available up to 30 weeks, but are not paid in any week for which an employee receives workers' compensation.

For more information, call 401-462-8420 or visit www.dlt.state.ri.us/webdev/tdi/tdihome.htm.

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