

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 in those jurisdictions who are temporarily disabled by non work-related injuries or illnesses. It varies by state, but 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, as well as how the benefits are financed--vary considerably from jurisdiction to jurisdiction.

Employers that fail to comply with these requirements are subject to fines and penalties.

Following is a brief outline of the basic provisions of each state program. **Please note that each state has made several changes to their temporary disability benefits.**

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

California

California requires all employers with employees located in California to participate in a temporary disability program, or, upon prior approval, a private plan that provides temporary disability benefits at least as favorable in all respects of the state plan, and also must be more favorable in at least one significant respect. For employers to self-insure this coverage or obtain private coverage, the plan must exceed state fund standards in at least one area.

Temporary disability benefits are funded through employee contributions. Employees contribute 0.8 percent (in 2006, this rate no longer includes a separate charge for paid family leave) of their first \$79,418 of annual earnings; this amount decreased in 2006. The maximum employee contribution for the calendar year is \$635.34; this amount also decreased in 2006. In 2006, the wage ceiling will remain \$79,418.

The 2006 maximum weekly benefit is \$840 per week; benefits can last up to 52 weeks. Employees receiving temporary disability benefits under workers' compensation may be entitled to reduced state disability insurance if the workers' compensation is less than state disability insurance.

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A Paid Family Leave (PFL) benefit, also known as family temporary disability insurance benefits, is payable for family temporary disability leaves beginning on or after July 1, 2004. Compensation is provided 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 for claims beginning on or after January 1, 2005, 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 workers' compensation 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 nearly all employers to provide disability income benefits for non-occupational disabilities. Employers must obtain private coverage, self-insure this coverage or provide coverage through a sick leave plan under a collectively bargained agreement.

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 2006 is \$3.96 per week.

For most workers, temporary disability benefits are 58 percent of average weekly wages, up to a maximum of \$460 per week in 2006. 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.

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. Employers that have made contributions in each of the last three years are entitled to an experience rate. Employee withholdings are 0.5 percent of taxable wages; the taxable wage base is \$25,800 in 2006.

Temporary disability benefits range from \$90 to a maximum of \$488 per week in 2006. 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. 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 contribute the balance.

Temporary disability benefits are 50 percent of an employee's weekly wages, up to a maximum of \$170 per week. (This amount has not changed since May 1, 1989.) For employees whose weekly wages are less than \$20, temporary disability benefits equal average weekly wages. Benefits last for 26 weeks; however, employees cannot receive temporary disability benefits for any period in which workers' compensation benefits, unemployment insurance benefits or payments from an employer fund exceeding the state disability benefit are payable or paid.

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

Puerto Rico

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.

Employees contribute .3% of taxable wages, up to \$9,000. Employer contributions are the same.

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 unemployment or workers' compensation benefits, pension or retirement pay is received.

For more information, call 787-754-5826.

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.

For 2006, contributions are set at 1.4 percent of the first \$50,600 of an employee's wages.

Claimants can receive up to \$607 per week. 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 claimants may be disqualified from disability benefits for receiving unemployment insurance or workers' compensation benefits.

For more information, call 401-462-8420 or visit www.dlt.ri.gov/tdi.

Source: Bureau of National Affairs, MetLife

This article is intended as an overview and should not be viewed as legal or business advice. Please consult with your attorney if you have any questions regarding the legislation.