



## Contract Administration

**TO:** Executive Board

**FROM:** Lorraine Simpkins, Health Benefits Specialist *LS*  
Elizabeth Hough, Director of Contract Administration *EH*

**DATE:** July 26, 2011

**RE:** Retiree Health Insurance Sick Leave Credit Calculation

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Currently, PS&T Unit employees have the contractual right to use earned sick leave to reduce the cost of retiree health insurance. Up to a maximum of 200 days of sick leave, earned and unused at the time of retirement, may be converted to a monthly credit to offset the retiree share of health insurance premium by dividing the total dollar value of the sick leave accruals by the actuarial life expectancy of the employee in months. The result is a lifetime monthly sick leave credit that is used to reduce a retiree's share of the monthly health insurance premium for as long as s/he remains enrolled in the New York State Health Insurance Program (NYSHIP).

If the 2011-2016 PEF/NYS Tentative Agreement is ratified, the current life expectancy tables which are used to calculate a retiree's monthly sick leave credit will change. For employees retiring on or after October 1, 2011, the NYS Department of Civil Service will use the New York State Employees Retirement System "1999 Unisex" life expectancy actuarial tables in effect on October 1, 2011 to calculate the sick leave credit (see attached). These tables identify the number of years of anticipated remaining life expectancy based on one's age at the time of retirement/enrollment in retiree health insurance coverage. To convert to months multiply by twelve.

Since the new life expectancy tables reflect longer anticipated life expectancies than the tables currently in use, they have the effect of reducing the available monthly credit when used in the sick leave credit calculation. The attached examples demonstrate how the change in the life expectancy table will impact the value of the monthly credit (at differently levels of earned sick leave and salary) at time of retirement. It should be remembered that so long as the value of the sick leave credit exceeds the retiree's monthly share of premium, the retiree's share of premium will still be fully offset by the value of the sick leave credit.

### **Sick Leave Credit Calculation**

For those who wish to calculate the value of the sick leave credit for different amounts of accrued sick leave or different salaries that those reflected in the attached examples, the formula used to calculate an employee's sick leave credit is indicated below:

Calculate your Hourly Rate of Pay (HRP)

Step 1. Determine "hours worked in a day": Divide the number of hours in a workweek by 5. For example, a 40-hour week divided by 5 equals an 8-hour day, even if you work 4 days of 10 hours each.

Hours worked in a week  $\div$  5 = Hours worked in a day: \_\_\_\_\_.

Step 2. Determine HRP: Divide your total annual salary at the time of retirement (basic annual salary plus additional constant salary factors such as location pay, shift or geographic differential, inconvenience pay) by one of the following predetermined numbers: 2088 for jobs that are 8 hours a day, 1957 for jobs that are 7 1/2 hours a day, and 1827 for jobs that are 7 hours a day.

Annual Salary  $\div$  Predetermined Number = Hourly Rate of Pay (HRP): \_\_\_\_\_.

Calculate your Sick Leave Credit

Step 3. Determine the total dollar value of your sick leave: Multiply your hourly rate of pay by the number of sick leave hours you have accumulated up to a maximum of 200 days.

HRP x Hours Unused Sick Leave = Total Dollar Value of Sick Leave: \_\_\_\_\_.

Step 4. Determine your monthly credit: Divide the total dollar value of your sick leave by your life expectancy:

Total dollar value  $\div$  Life Expectancy = Monthly Credit: \_\_\_\_\_.

**EMPLOYEES RETIREMENT SYSTEM  
ERS Service  
1999 Unleax Tables**

20	61.514	66	19.358
21	60.538	67	18.611
22	59.561	68	17.871
23	58.584	69	17.139
24	57.607	70	16.417
25	56.629	71	15.704
26	55.651	72	15.003
27	54.673	73	14.314
28	53.694	74	13.638
29	52.716	75	12.977
30	51.738	76	12.332
31	50.761	77	11.704
32	49.786	78	11.094
33	48.811	79	10.504
34	47.837	80	9.935
35	46.864	81	9.390
36	45.892	82	8.869
37	44.922	83	8.374
38	43.953	84	7.906
39	42.987	85	7.466
40	42.023	86	7.054
41	41.061	87	6.670
42	40.101	88	6.312
43	39.144	89	5.980
44	38.188	90	5.671
45	37.235	91	5.384
46	36.282	92	5.116
47	35.332	93	4.864
48	34.384	94	4.627
49	33.438	95	4.401
50	32.495	96	4.184
51	31.574	97	3.973
52	30.674	98	3.764
53	29.795	99	3.564
54	28.933	100	3.370
55	28.089	101	3.179
56	27.262	102	2.985

57 28.438  
58 25.619  
59 24.808  
60 24.002  
61 23.207  
62 22.421  
63 21.643  
64 20.874  
65 20.113

103 2.782  
104 2.559  
105 2.304  
106 1.998  
107 1.603  
108 1.076  
109 0.733  
110 0.500

**Examples of Change in Sick Leave Credit Using ERS Actuarial Tables**

Employee's gross annual pay: \$65,190 (Grade 18 Job Rate)  
 Employee's unused hours of sick leave: 1600 (max. 200 days at 8 hours/day)

Retirement Age	Current Life Expectancy (in months)	Current Sick Leave Credit	ERS Service Life Expectancy (in months)	Sick Leave Credit Beginning 10/1/11	Change
55	271	\$184.32	337	\$148.23	-\$36.09/-19.6%
60	232	\$215.31	288	\$173.44	-\$41.87/-19.5%
65	192	\$260.17	241	\$207.27	-\$52.90/-20.3%
70	154	\$324.36	197	\$253.56	-\$70.80/-21.8%

Employee's gross annual pay: \$65,190 (Grade 18 Job Rate)  
 Employee's unused hours of sick leave: 800 (100 days at 8 hours/day)

Retirement Age	Current Life Expectancy (in months)	Current Sick Leave Credit	ERS Service Life Expectancy (in months)	Sick Leave Credit Beginning 10/1/11	Change
55	271	\$92.16	337	\$74.11	-\$18.05/-19.6%
60	232	\$107.66	288	\$86.72	-\$20.94/-19.5%
65	192	\$130.08	241	\$103.64	-\$26.44/-20.3%
70	154	\$162.18	197	\$126.78	-\$35.40/-21.8%

2011 Empire Plan Monthly Premium Rates for Retirees:  
 Individual - \$59.23  
 Family - \$250.12

Employee's gross annual pay: \$92,974 (Grade 25 Job Rate)  
 Employee's unused hours of sick leave: 1600 (max. 200 days at 8 hours/day)

Retirement Age	Current Life Expectancy (in months)	Current Sick Leave Credit	ERS Service Life Expectancy (in months)	Sick Leave Credit Beginning 10/1/11	Change
55	271	\$262.91	337	\$211.42	-\$51.49/-19.6%
60	232	\$307.10	288	\$247.38	-\$59.72/-19.5%
65	192	\$371.08	241	\$295.64	-\$75.44/-20.3%
70	154	\$462.65	197	\$361.67	-\$100.98/-21.8%

Employee's gross annual pay: \$92,974 (Grade 25 Job Rate)  
 Employee's unused hours of sick leave: 800 (100 days at 8 hours/day)

Retirement Age	Current Life Expectancy (in months)	Current Sick Leave Credit	ERS Service Life Expectancy (in months)	Sick Leave Credit Beginning 10/1/11	Change
55	271	\$131.45	337	\$105.71	-\$25.74/-19.6%
60	232	\$153.55	288	\$123.69	-\$29.86/-19.5%
65	192	\$185.54	241	\$147.82	-\$37.72/-20.3%
70	154	\$231.32	197	\$180.83	-\$50.49/-21.8%

2011 Empire Plan Monthly Premium Rates for Retirees:  
 Individual - \$59.23  
 Family - \$250.12