

Supplementing Temporary Disability Benefits

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Overview

Temporary disability (TD) benefits are paid to employees who are unable to work due to a work-related injury or illness. TD payments are not taxable and paid directly by State Compensation Insurance Fund (State Fund) every two weeks. Your weekly TD payment rate is based on two-thirds of your average gross weekly wages on the date of your injury or illness and will not exceed the maximum rate payable under the law.

You may be paid TD benefits if you are not eligible for or have exhausted your eligibility for an alternative temporary disability benefit. These benefits include industrial disability leave (IDL), enhanced industrial disability leave (EIDL) and Labor Code section 4800/4800.5 time.

Prior to the start of TD, employees must serve a waiting period of three-calendar days. The TD waiting period may begin the day following the date of injury and need not be consecutive days. You will receive paid administrative time off for time lost on the date of injury. The waiting period is waived if you are hospitalized as a result of the injury or illness, you are unable to work for more than 14 calendar days, or the injury is the result of a criminal act of violence. Employees only serve one waiting period per claim.

While receiving TD benefits you will earn leave credits and state service credits as if you were working. However, no contributions to the California Public Employee Retirement System (CalPERS) or the California State Teachers' Retirement System (CalSTRS) are made from your TD benefits.

You may supplement your TD benefit up to your full gross salary with any accrued leave credits. This benefit is called TD with supplementation (TD/S).

How does TD/S work?

TD payments may be supplemented up to an amount that approximates, but does not exceed, your full gross salary or you may choose a lower level of supplementation. The supplementation level may be terminated or

reduced, but changes will be made on a prospective basis only. The effective date of any change will be the first day of the pay period following the pay period in which the change was submitted.

Leave credits needed for supplementation will be drawn in the following order, unless you specify a different order:

- (1) Sick leave
- (2) Compensated time off
- (3) Vacation or annual leave
- (4) Other leave credits

How many hours of leave credits are needed for TD/S?

The amount of leave credits you will need to supplement TD will depend on many variables, including your monthly gross salary, the number of days on TD, the number of days in the pay period, and other pay you receive during the pay period. Your department's personnel office will determine the maximum level of supplementation allowed. If you do not wish to use the maximum level of supplementation, you may choose a lower level of supplementation.

What if my leave credits fall below the selected supplementation level?

The supplementation level will be reduced to the amount of leave credits that are available each month except that fractions of an hour may not be used. You may use any leave credits that you earn while on TD.

What if I am only on TD for part of the month?

If you receive TD/S and regular pay during the same pay period, your department's personnel office will change the level of supplementation to ensure that your combined pay approximates, but does not exceed, your full gross salary.

Is TD/S income treated the same as regular TD income?

TD payments are issued by State Fund and have no deductions withheld. However, supplementation income is taxable and will be reported on your

W-2 form at the end of the year. Tax deductions will be based on your current year filing status.

Retirement contributions are also deducted from supplementation pay. The amount of retirement contribution deducted from supplementation pay will not cover your full retirement contribution. You will only earn retirement credit based on the amount of retirement contributions paid to CalPERS or CalSTRS. If you wish to arrange to pay the difference, contact CalPERS or CalSTRS.

Additionally, all mandatory and voluntary deductions will be withheld from supplementation pay if not already deducted from another payment in the pay period. These deductions will continue provided the supplementation pay is sufficient to cover the deductions. You must cancel any deductions you do not wish to have withheld from supplementation pay.

How long does TD/S last?

Your supplementation will continue until your eligibility to receive TD benefits ends, you voluntarily stop supplementing TD, or you separate from state service.

How do I continue my health benefit coverage, if I choose not to supplement my TD benefit?

You are entitled to a continuation of your health benefit coverage; however you must make arrangements with your department's personnel office to pay any employee contribution.

What are the major advantages and disadvantages of TD/S?

The major advantages to TD/S include the ability to obtain a higher level of compensation while on disability leave than would otherwise be possible on TD alone, and the ability to maintain certain deductions, such as the employee health contribution, that cannot be deducted from a TD payment.

The major disadvantage to TD/S is that it may reduce your leave balances to a level that will be insufficient for your future needs.

What is the TD/S enrollment process?

Once notified that TD benefits are due, your department's personnel office will calculate the amount of leave credits necessary for full supplementation and give you an opportunity to choose supplementation. You must notify your department's personnel office of your decision within 15 days from receiving notification that you are eligible for TD/S.

What happens if I fail to make a timely choice?

If you do not make a timely choice, your department's personnel office will automatically supplement your TD payment at the maximum level. Full supplementation will continue until you notify your department's personnel office that you want to terminate or reduce your supplementation.

Are there any circumstances where I would not be allowed to supplement my TD benefit?

Yes. You cannot supplement your TD benefit if you are not receiving TD benefits or you separate from state service.