



## EXECUTIVE SUMMARY

Mr. Smith, a school custodian whose annual income is \$50,000 and who files tax status, F – Single, earns an average weekly wage of \$764. All employees, under the school's current labor union collective bargaining agreement, are guaranteed a full and unlimited salary continuance. Workers' Compensation benefits provide injured employees 75% of after-tax salary payable by Workers' Compensation insurance. The Board of Education's voluntary salary continuation program, per the contract, supplements the Workers' Compensation benefit with an additional wage payment of **25%**.

## BACKGROUND

While clearing snow around the school, Mr. Smith slipped on ice and tore his ACL. This injury caused Mr. Smith to be out of work, during this time he collected temporary total disability benefits.

## IMPACT ON SCHOOL BUDGET

Workers' Compensation insurance pays approximated \$575 per week, which is 75% of Mr. Smith's after-tax salary of **\$764**. He receives an additional payment, by the Board of Education, based on the voluntary salary continuation benefit, of approximately \$240 per week. Therefore, Mr. Smith will now receive **\$815** per week while he is out of work.

**This is \$50 or 6.5% more than Mr. Smith's regular weekly wage.**

## KEY RECOMMENDATIONS

- Assess union contracts and employment policies to identify voluntary salary continuation language.
- Analyze lost time claims to determine the number of employees receiving voluntary salary continuation benefits. This will help in calculating salary continuation costs.

## MANAGING SALARY CONTINUATION BENEFITS

- Implement contract/policy language to manage costs:
  - Waiting Period
  - Gradual Decrease
  - Specified Duration
  - Specified Amount
- Implement a formal Return-to-Work Program.

## RESOURCES:

- *Workers' Compensation: Managing the Full Cost of Voluntary Salary Continuation Benefits* white paper. Please visit CIRMA's Media Library to download this white paper.
- Implementation of CIRMA's Salary Continuation Management Tool. Contact your CIRMA Risk Management Consultant for more information.