



TO: PERSONNEL MANAGEMENT LIAISONS

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**THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:**

PERSONNEL OFFICERS  
PERSONNEL TRANSACTIONS SUPERVISORS

SUBJECT: Non-Industrial Disability Insurance (NDI)/Annual Leave Benefit

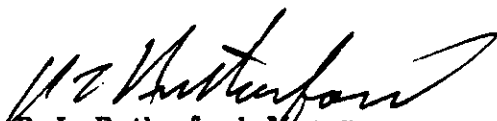
Government Code Section 19879.1(b)(1) and Agreements between the State of California with Bargaining Units 5, 13, and 16 provide that employees enrolled in the Annual Leave Program are eligible to receive NDI at 50% of their gross salary for 26 weeks with the option of supplementation. This memorandum provides guidelines for payment of the NDI/Annual Leave Benefit.

Employees designated Managerial (M), Nonstatutory employees (E-99), and Sergeants (S05) in the California Highway Patrol are eligible for Annual Leave effective January 1, 1987. Employees designated R13 and R16 are eligible effective January 1, 1989 and employees designated R05 are eligible effective July 1, 1989.

An employee may supplement the 50% NDI benefit with annual leave, sick leave and partial employment upon medical verification for up to 100% of income replacement. At the time of an NDI claim, the employee must elect to choose either the 50% NDI benefit rate or a supplementation level of 75% or 100% of gross pay. Once a claim for NDI has been filed and the employee has determined the rate of supplementation, the supplemental rate shall be maintained throughout the disability period.

Attached are formulas to assist departments in calculating the various methods of the NDI/Annual Leave Benefit options.

If you have any questions regarding this memorandum, you may call Clarice Pace, on (916) 324-0439, (ATSS) 454-0439.

  
R. L. Rutherford, Manager  
Personnel Services Branch

Attachment



## NDI/ANNUAL LEAVE BENEFIT OPTIONS

Each example represents a full-time employee in a 22 working day and a 31 calendar day pay period with a gross salary of \$4,418.00 per month.

## 1. NDI BENEFIT (50% GROSS)

• Set your calculator to four decimal places.

- a. To get the hourly rate, divide the employee's monthly salary rate (\$4,418) by the average hour month (173.33) add \$.005 and round to the second decimal place and drop the remainder

$$\$4,418 \div 173.33 = \$25.4889$$

$$\$25.4889 + \$0.005 = \$25.4939 = \$25.49$$

- b. To get the daily NDI benefit, multiply the hourly rate times 40; then multiply the product times 50% (.50); then divide by seven (7) to get the daily NDI benefit. Now multiply the daily NDI benefit times the number of days the employee is eligible for the NDI benefit. In this example, 31 calendar days times the daily NDI benefit equals the monthly NDI benefit

$$\$25.49 \times 40 = \$1,019.60 \times .50 = \$509.80 \div 7 = \$72.8286 \times 31 = \$2,257.6866$$

rounded to \$2,257.69

## 2. SUPPLEMENTATION OF ANNUAL LEAVE/SICK LEAVE FOR 100% INCOME REPLACEMENT

- a. Subtract the NDI benefit (50% gross) from the monthly salary rate to determine the amount of supplementation [Use Formula #1 (50% gross) to determine the NDI benefit]

$$\$4,418.00 - \$2,257.69 = \$2,160.31$$

- b. Divide the monthly salary rate by the number of hours in the pay period\* to get the hourly supplementation rate

$$\$4,418.00 \div 176 = \$25.1023 \text{ rounded to } \$25.10$$

- c. Divide the supplementation rate by the hourly rate to get the hours of supplementation

$$\$2,160.31 \div \$25.10 = 86.0681 \text{ hours}$$

\*Hourly salary rate is determined by dividing the monthly salary rate by the number of hours in the pay period. (176 hours for a 22 working day pay period or 168 hours for a 21 working day pay period.)

- d. Employee needs to supplement 10 days plus 6.0681 hours = 86.0681 hours  
 $86.0681 \text{ hours} \times \$25.10 = \$2,160.3093$  rounded to \$2,160.31

**3. SUPPLEMENTATION OF ANNUAL LEAVE/SICK LEAVE HOURS FOR 75% INCOME REPLACEMENT**

- a. Reduce the employee's monthly salary gross by 75%  
 $\$4,418.00 \times .75 = \$3,313.50$  (reduced monthly gross)
- b. Subtract the NDI benefit (50% gross) from the 75% monthly reduced gross to determine the amount of supplementation [Use Formula #1 (50% gross) to determine the NDI benefit]  
 $\$3,313.50 - \$2,257.68 = \$1,055.82$
- c. Divide the 75% reduced gross by the number of hours in the pay period to get the hourly supplementation rate  
 $\$3,313.50 \div 176 = \$18.8267$  rounded = \$18.83
- d. Divide the supplementation by the hourly rate = hours of supplementation  
 $\$1,055.82 \div \$18.83 = 56.0712$  hours
- e. Employee needs to supplement 7 days .0712 hours = 56.0712 hours  
 $56.0712 \text{ hours} \times \$18.83 = \$1,055.8206$  rounded to \$1,055.82

**4. SUPPLEMENTATION FOR 100% INCOME REPLACEMENT WHILE WORKING PARTIAL DAYS**

Example: Full-time employee in a 22 working day and a 31 calendar day pay period with a gross salary of \$4,418. The employee worked 6 days, 4 hours (52 hours) and elected to supplement 100% income replacement.

- a. Subtract the NDI benefit (50% gross) from the monthly salary rate to determine the amount of supplementation [Use Formula #1 (50% gross) to determine the NDI benefit]  
 $\$4,418.00 - \$2,257.69 = \$2,160.31$
- b. Divide the monthly salary by the number of hours in the pay period (176 hours); multiply by the number of hours the employee worked in the pay period (52 hours) to get the partial work supplementation rate  
 $\$4,418.00 \div 176 = \$25.1023 \times 52 = \$1,305.3196$  rounded to \$1,305.32

- c. Subtract the NDI benefit and the partial work supplementation rate from the monthly salary rate which gives you the leave credit supplementation rate

$$\$4,418.00 - (\$2,257.69 + \$1,305.32) = \$854.99$$

- d. Divide the monthly salary rate by the number of hours in the pay period\* to get the hourly supplementation rate

$$\$4,418.00 \div 176 = \$25.1023 \text{ rounded to } \$25.10$$

- e. Divide the leave credit supplementation rate by the hourly rate to get the hours of supplementation

$$\$854.99 \div \$25.10 = 34.0633 \text{ hours}$$

- f. Employee needs to supplement 4 days, 2.0633 hours = 34.0633 hours

$$34.0633 \text{ (hours)} \times \$25.10 = \$854.9888 \text{ rounded to } \$854.99$$

#### 5. SUPPLEMENTATION FOR 75% INCOME REPLACEMENT WHILE WORKING PARTIAL DAYS

Example: Full-time employee in a 22 working day and a 31 calendar pay period with a gross salary of \$4,418. The employee worked 6 days, 4 hours (52 hours) and elected to supplement 75% income replacement.

- a. Reduce the employee's monthly salary gross by 75%

$$\$4,418.00 \times .75 = \$3,313.50$$

- b. Divide the reduced gross by the number of hours in the pay period (176), then multiply by the number of hours the employee worked in the pay period (52 hours) to get the partial work supplementation rate

$$\$3,313.50 \div 176 = \$18.8267 \times 52 = \$978.9884 \text{ rounded to } \$978.99$$

- c. Subtract the NDI benefit (50% gross) and the partial work supplementation rate from the reduced monthly salary which gives you the leave credit supplementation rate (Use Formula #1 to determine the NDI benefit)

$$\$3,313.50 - (\$2,257.69 + \$978.99) = \$76.82$$

- d. Divide the 75% reduced gross by the number of hours in the pay period\* to get the hourly supplementation rate

$$\$3,313.50 \div 176 = \$18.8267 \text{ rounded to } \$18.83$$

\*Hourly salary rate is determined by dividing the monthly salary rate by the number of hours in the pay period. (176 hours for a 22 working day pay period or 168 hours for a 21 working day pay period.)

- e. Divide the leave credit supplementation rate by the hourly rate to get the hours of supplementation

$$\$76.82 \div \$18.83 = 4.0797 \text{ hours}$$

- f. Employee needs to supplement 4.079 hours x \$18.83 = \$76.8207 rounded to \$76.82

**Note:** Full-time employees working partial days will receive a full eight hours pay for each holiday.