



Edmund G. Brown Jr.  
Governor

Date: January 4, 2016

To: Voluntary Plan Self-Insurers

Subject: GENERAL RELEASE LETTER

The General Release letter provides information on recent legislation, regulation, and procedural changes that may affect your voluntary plan (VP) for the 2016 calendar year.

For calendar year 2016, the new changes are the two legislative bills, the new State Disability Insurance (SDI) contribution rate and wage ceiling, and the VP 14 percent assessment rate indicated below:

#### A. Legislation

**Senate Bill 667 California Unemployment Insurance Code (CUIC): Disability Insurance: eligibility: waiting period.** Waives the seven-day waiting period for an individual who has already served the seven-day waiting period for the same or a related condition within the previous 60 days beginning July 1, 2016. This bill redefines a single disability period as two consecutive disability periods for the same or related cause or condition and separated by a period of not more than 60 days. It requires the Director of the Employment Development Department (EDD) to submit a report regarding the effect of the modified waiting period to the Legislature on or before January 1, 2020.

**Reference:** An act to amend, repeal, and add Sections 2608 and 2627 of the CUIC.

**Status:** 9/28/15 – Chaptered by the Secretary of State. Chapter 357, Statutes of 2015.

**Senate Bill 1083 Physician Assistants: disability certifications.**

Authorizes physician assistants (PA) to certify to a disability after a physical examination has been conducted under the supervision of a physician or surgeon. This bill expands the definition of practitioner for Disability Insurance purposes, to include a PA. This bill requires the EDD to implement the provisions on or before January 1, 2017.

**Reference:** An act to amend Section 3502.3 of the Business and Professions Code and Section 2708 of the CUIIC.

**Status:** 9/18/14 – Chapter 438, Statutes of 2014.

Detailed California legislative information is available at <http://leginfo.legislature.ca.gov/>.

**B. SDI Contribution Rate and Wage Ceiling**

Effective January 1, 2016, the SDI worker contribution rate will be 0.9 percent of an employee's gross taxable wages up to \$106,742. The taxable wage ceiling was \$104,378 in 2015.

**Reference:** CUIIC Section 984.

SDI program taxes cover employees up to a ceiling set by Section 985 of the CUIIC. The 2016 SDI taxable wage ceiling (the maximum amount of wages per employee that are subject to SDI contributions) is \$106,742. The maximum annual contribution per employee for 2016 is \$960.68 (\$106,742 x 0.9 percent). Employers report these contributions to the EDD Tax Branch on the *Quarterly Contribution Return*, DE 3D, line D, box D1 Voluntary Plan.

**Reference:** CUIIC Section 985.

**C. Voluntary Plan 14 Percent Assessment Rate**

Effective January 1, 2016, the VP assessment rate (on line K of the *Quarterly Contribution Return*, DE 3D) will be 0.126 percent (0.00126). This figure is the product obtained by multiplying the worker contribution rate by 14 percent, or  $0.009 \times 0.14 = 0.126$  percent.

**Reference:** CUIIC Section 3252(b).

Employers using a VP must remit payments with their employment tax payments. Employers may pay the assessment out of their corporate funds, or charge it to the VP trust fund. When charged to the VP trust fund, the expenditure must be shown on the *Annual Report of Self-*

*Insured Voluntary Plan Transactions*, [DE 2568V](#), and submitted to the Voluntary Plan Group (VPG).

Please refer to the following enclosures for required actions and other information to ensure continued approval of your VP.

- Voluntary Plan Annual Calendar of Required Actions (Enclosure 1)
- Voluntary Plan Annual Security Adjustment Requirements (Enclosure 2)
- Voluntary Plan Administrative Changes (Enclosure 3)
- Voluntary Plan Group Contacts (Enclosure 4)

In response to customer feedback, the VP website has been redesigned to provide easier access to VP forms and program updates. Visit: [http://www.edd.ca.gov/Disability/VP\\_Information.htm](http://www.edd.ca.gov/Disability/VP_Information.htm)

You can access information online about Disability Insurance, Paid Family Leave, and the VPG at [www.edd.ca.gov/disability](http://www.edd.ca.gov/disability). For further assistance with your VP, contact us at 916-653-6839 or [VPPProgram@edd.ca.gov](mailto:VPPProgram@edd.ca.gov).

Sincerely,



PAULINE SING  
Deputy Director  
Disability Insurance Branch

Enclosures

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## Voluntary Plan Annual Calendar of Required Actions

Date	Required Actions
January 1	<p><b>Annual Notice of Benefit Changes</b> Provide a notice of benefit changes to your voluntary plan (VP) employees of the:</p> <ul style="list-style-type: none"> <li>○ Maximum weekly benefit amount (WBA)</li> <li>○ Maximum benefit amount (MBA)</li> <li>○ Contribution rate and taxable wage ceiling</li> </ul> <p><b>Note:</b> A notice of benefit changes is not necessary if your VP already provides a higher WBA and MBA.</p> <p><b>Reference:</b> <i>Employers' Guide to Voluntary Plan Procedures</i>, DE 2040.</p>
February 15	<p><b>VP Text Amendment Changes</b></p> <ul style="list-style-type: none"> <li>○ For all changes to your VP, please provide the Voluntary Plan Group (VPG) with documentation describing all amendments.</li> </ul> <p><b>Reference:</b> CUIC Section 3271(a).</p> <p><b>Annual Report of Self-Insured Voluntary Plan Transactions, DE 2568V</b></p> <ul style="list-style-type: none"> <li>○ Download, complete, and return the DE 2568V to the VPG.</li> <li>○ Form can be obtained at <a href="http://www.edd.ca.gov/pdf_pub_ctr/de2568v.pdf">http://www.edd.ca.gov/pdf_pub_ctr/de2568v.pdf</a>.</li> <li>○ Form can be submitted to the EDD using one of the following methods: <ul style="list-style-type: none"> <li>➤ E-mail at <a href="mailto:vp68@edd.ca.gov">vp68@edd.ca.gov</a>.</li> <li>➤ Mail to: <ul style="list-style-type: none"> <li>EDD, Disability Insurance Branch</li> <li>Voluntary Plan Group</li> <li>PO Box 826880, MIC 29VP</li> <li>Sacramento, CA 94280-0001</li> </ul> </li> </ul> </li> </ul> <p><b>Reference:</b> California Code of Regulations, Title 22, Section 3267-2.</p>
April 14	<p><b>Security Review Worksheet</b></p> <ul style="list-style-type: none"> <li>○ Complete and return the <i>Voluntary Plan Security Review Worksheet</i> (enclosure 2, page 2) to the EDD.</li> <li>○ Worksheet may be submitted to the EDD using one of the following methods: <ul style="list-style-type: none"> <li>➤ E-mail at <a href="mailto:VPProgram@edd.ca.gov">VPProgram@edd.ca.gov</a>.</li> <li>➤ Mail to the address above.</li> </ul> </li> </ul> <p><b>Note:</b> If a security adjustment is required, the original security document must be sent to the EDD.</p>
As Needed	<p><b>Voluntary Plan Administrative Changes form</b></p> <ul style="list-style-type: none"> <li>○ Complete and return the <i>Voluntary Plan Administrative Changes</i> (enclosure 3) form when the responsible person(s) administers the VP changes.</li> </ul>

**Note:** If a due date falls on the weekend or a holiday, the forms are due on the first workday.

## Voluntary Plan Annual Security Adjustment Requirements

The voluntary plan (VP) employer must submit a security deposit as part of the VP approval process. The employer is responsible for providing the Employment Development Department (EDD) with an annual review of the amount of security deposit.

### How to Complete the Voluntary Plan Security Review Worksheet

To complete the security review worksheet, first obtain a reasonable estimate of your taxable wages **up to the current wage ceiling amount per employee**, and then calculate the required security amount by applying the following formula:

- Estimated VP Total Taxable Wages x 0.5 (per California Unemployment Insurance Code Section 3258) x worker contribution rate = estimated security amount.
- Round up to the next even \$100.
- Minimum required deposit is \$1,000.

EXAMPLE #1:      Year 2016 taxable wages = \$1,455,000  
                          (\$1,455,000 x 0.5) x .009 = \$6,547.50  
                          Security deposit should be \$6,600 to round up to the next even  
                          \$100.

EXAMPLE #2:      Year 2016 taxable wages = \$155,000  
                          (\$155,000 x 0.5) x .009 = \$697.50  
                          Security deposit should be rounded up to \$1,000 because the  
                          minimum required security deposit is \$1,000.

**Voluntary Plan Annual Security Adjustment Requirements (cont.)**

**Voluntary Plan Security Review Worksheet**

*(Please do not alter or reformat this worksheet.)*

**Employer Name** \_\_\_\_\_

**Voluntary Plan #** \_\_\_\_\_

**California Employer Account Number** \_\_\_\_\_

**Name of Third Party Administrator, if any** \_\_\_\_\_

**20\_\_ Quarterly Taxable Wages**

(from Line D1 on your *Quarterly Contribution Return* form, DE 3D)

1<sup>st</sup> Quarter \$ \_\_\_\_\_

2<sup>nd</sup> Quarter \$ \_\_\_\_\_

3<sup>rd</sup> Quarter \$ \_\_\_\_\_

4<sup>th</sup> Quarter \$ \_\_\_\_\_

**20\_\_ Total** \$ \_\_\_\_\_

**Total Estimated 20\_\_ Taxable Wages\***

**20\_\_ Total** \$ \_\_\_\_\_

\* Reminder: Please take note of the maximum taxable wage ceiling for the year you are submitting the review.

**Security Required to Continue VP**

**Total Estimated 20\_\_ Taxable Wages** \$ \_\_\_\_\_ **x 0.5 x Contribution rate = \$** \_\_\_\_\_  
(From line above) (Rounded up to next even \$100)

**Current Security Deposit** \$ \_\_\_\_\_

**Adjustment (Increase/Decrease)** +/- \$ \_\_\_\_\_

**Return this form whether or not you need to increase your security deposit.**

Submit this worksheet and your security increase documents by April 14 to:

**Mailing Address:**

EDD, Disability Insurance Branch  
 Voluntary Plan Group  
 Attention: Security Analyst  
 PO Box 826880, MIC 29VP  
 Sacramento, CA 94280-0001

**In-Person Delivery Address:**

EDD, Disability Insurance Branch  
 Voluntary Plan Group  
 Attention: Security Analyst  
 800 Capitol Mall, Room 3137, MIC 29VP  
 Sacramento, CA 95814

Check the box below that applies:

- Security adjustment form attached.
- Security adjustment forwarded to the EDD separately.
- Request to submit cash.
- Request to submit bearer bond.
- No adjustment to the current security.

Name \_\_\_\_\_ Date \_\_\_\_\_  
(Print or type your name)

Phone Number \_\_\_\_\_ E-mail Address \_\_\_\_\_

## Voluntary Plan Annual Security Adjustment Requirements (cont.)

### How to Determine When to Increase/Decrease a Security Deposit

#### Making Adjustments to Existing Security Deposits

The amount of your existing security deposit may need to be adjusted due to the contribution rate used in the calculation. Please see the *Voluntary Plan Security Review Worksheet* (enclosure 2, page 2) to assist you with this calculation. Complete and return the worksheet to the Voluntary Plan Group (VPG) by April 14 of each year, regardless of whether your VP security amount has changed.

**Reference:** CUIIC Section 3258.

If the difference between your existing security and the required amount is more than five percent, you must increase your security amount.

EXAMPLE #1:           Required Security Amount:   \$205,000  
                           Existing Security Amount:   \$200,000

Example #1 indicates that the security amount does not need to increase since the difference between the two amounts is only 2.5 percent.

EXAMPLE #2:           Required Security Amount:   \$219,350  
                           Existing Security Amount:   \$200,000

Example #2 indicates that the difference between the two amounts exceeds five percent, thus requiring you to increase the security amount.

If a change is required, complete and return the *Voluntary Plan Security Review Worksheet* with one of the following items to the VPG by April 14:

- Guarantee bond rider amendment
- Letter of credit amendment
- Cash

**Reference:** California Code of Regulations, Title 22, Section 3258-1; CUIIC Section 3258.

#### Where to Send Your Security Deposit

Send the original security document to one of the following addresses:

##### **Mailing Address:**

EDD, Disability Insurance Branch  
 Voluntary Plan Group  
 Attention: Security Analyst  
 PO Box 826880, MIC 29VP  
 Sacramento, CA 94280-0001

##### **In-Person Delivery Address:**

EDD, Disability Insurance Branch  
 Voluntary Plan Group  
 Attention: Security Analyst  
 800 Capitol Mall, Room 3137, MIC 29VP  
 Sacramento, CA 95814

## Voluntary Plan Administrative Changes

Please provide company and third-party administrator contact information. Associated companies may report identical information on one form.

Complete and return the form to:

EDD, Disability Insurance Branch  
 Voluntary Plan Group  
 PO Box 826880, MIC 29VP  
 Sacramento, CA 94280-0001

Employer Name \_\_\_\_\_ Voluntary Plan # \_\_\_\_\_

Employer doing business as (DBA) or Alias Name \_\_\_\_\_

California Employer Account Number \_\_\_\_\_

**Main contact person (usually the benefits manager, human resources manager, or personnel manager) regarding voluntary plan (VP) issues (VP administration, securities, claims, etc.):**

Name \_\_\_\_\_ Title \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

E-mail Address \_\_\_\_\_

**Second contact person regarding VP issues (VP administration, securities, etc.):**

Name \_\_\_\_\_ Title \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

E-mail Address \_\_\_\_\_

**Contact person for questions regarding *Annual Report of Self-Insured Voluntary Plan Transactions* form, DE 2568V:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

E-mail Address \_\_\_\_\_

**Disputed coverage referrals contact person (claims received by the EDD referred to VP):**

Name \_\_\_\_\_ Title \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

E-mail Address \_\_\_\_\_

Form Completed by:

Name \_\_\_\_\_ Date \_\_\_\_\_

E-mail Address \_\_\_\_\_ Phone \_\_\_\_\_

## Voluntary Plan Group Contacts

VP staff are always ready to provide you with assistance.

Martha Chavez	<a href="mailto:Martha.Chavez@edd.ca.gov">Martha.Chavez@edd.ca.gov</a>	Operations Deputy Chief
Gregory Wheeler	<a href="mailto:Gregory.Wheeler@edd.ca.gov">Gregory.Wheeler@edd.ca.gov</a>	Section Manager
VP Reception Phone Line	916-653-6839	

### VP Audit and Compliance Unit

Name	E-mail Address and Phone Numbers	Functions
Caroline Owoyele	<a href="mailto:Caroline.Owoyele@edd.ca.gov">Caroline.Owoyele@edd.ca.gov</a> 916-654-9172	Manager, VP Audit and Compliance Unit
Darci Hoffman	<a href="mailto:Darci.Hoffman@edd.ca.gov">Darci.Hoffman@edd.ca.gov</a> 916-651-9344	VP Paid Family Leave (VPFL) and Appeals
Jessica Chi	<a href="mailto:Jessica.Chi@edd.ca.gov">Jessica.Chi@edd.ca.gov</a> 916-654-8137	VPFL
Connie Anderson	<a href="mailto:Connie.Anderson@edd.ca.gov">Connie.Anderson@edd.ca.gov</a> 916-654-9825	VP Disability Insurance (VP DI) Issues
Evangeline Seveses	<a href="mailto:Evangeline.Seveses@edd.ca.gov">Evangeline.Seveses@edd.ca.gov</a> 916-651-6036	VP DI and Audit
Lizeth Breaux	<a href="mailto:Lizeth.Breaux@edd.ca.gov">Lizeth.Breaux@edd.ca.gov</a> 916-654-8952	Zero Awards

### VP Administration Unit

Corazon Espanol	<a href="mailto:Corazon.Espanol@edd.ca.gov">Corazon.Espanol@edd.ca.gov</a> 916-654-9248	Manager, VP Administration Unit
Maurice Jackson	<a href="mailto:Maurice.Jackson@edd.ca.gov">Maurice.Jackson@edd.ca.gov</a> 916-653-0763	New Plan Approvals
Sharisse Kemp	<a href="mailto:Sharisse.Kemp@edd.ca.gov">Sharisse.Kemp@edd.ca.gov</a> 916-654-6777	Security Deposits
Jaime Briseño	<a href="mailto:Jaime.Briseno@edd.ca.gov">Jaime.Briseno@edd.ca.gov</a> 916-654-7811	<i>Annual Report of Self- Insured VP Transactions, DE 2568V</i>
Elena Torres	<a href="mailto:Elena.Torres@edd.ca.gov">Elena.Torres@edd.ca.gov</a> 916-654-8393	Withdrawn/Terminated Plans
Glenn Lomax	<a href="mailto:Glenn.Lomax@edd.ca.gov">Glenn.Lomax@edd.ca.gov</a> 916-653-2883	VP Database and SDI Online Technical Support

## Voluntary Plan Group Contacts (cont.)

To improve access to VP program services, the Employment Development Department (EDD) has e-mail addresses for VP employers and third-party administrators to electronically submit plan applications and related documents to the EDD-Voluntary Plan Group (VPG). In addition, these e-mail addresses can be used to submit questions pertaining to VP program policy, issues and procedures, and receive a response from EDD-VPG.

The VP e-mail addresses for electronic submittal of documents are as follows:

- **[VPProgram@EDD.ca.gov](mailto:VPProgram@EDD.ca.gov)**
  - New plan and successor applications.
  - Amendments to plan texts.
  - Requests to withdraw the VP.
  - Notice of administrative updates regarding contact information for the VP.
  - Annual security review worksheets.
  - Questions regarding VP policies and procedures.
  - Notices to the EDD about organizational changes such as mergers and acquisitions.
  - Questions to resolve hardship disputed coverage claim issues.
- **[vp68v@edd.ca.gov](mailto:vp68v@edd.ca.gov)**
  - Submittal of *Annual Report of Self Insured Voluntary Plan Transactions*, DE 2568V.
- **[VPSDION-LineRegistration@edd.ca.gov](mailto:VPSDION-LineRegistration@edd.ca.gov)**
  - Access this e-mail to register for SDI Online or to inquire about SDI Online issues.
- **[VP2523@edd.ca.gov](mailto:VP2523@edd.ca.gov)**
  - Submittal of *Report of Voluntary Plan Claim*, DE 2523, if not registered in SDI Online.

### Exception:

- Security deposits: Send the original and a copy of the security.
  - Securities and associated documents should be sent in hardcopy form to the following address:

EDD, Disability Insurance Branch  
Voluntary Plan Group  
Attention: Security Analyst  
PO Box 826880, MIC 29VP  
Sacramento, CA 94280-0001