



Patrick W. Henning
Director



Arnold Schwarzenegger
Governor

December 31, 2009

To: Voluntary Plan Self-Insurers

Subject: GENERAL RELEASE LETTER FOR 2010

The attached General Release (GR) letter provides information on recent legislation, regulation, and procedural changes that affect your voluntary plan (VP) for the 2010 Calendar Year, and outlines actions needed to ensure continued approval of your plan.

For additional information on VP procedures, see the Employer's Guide to VP Procedures, DE 2040 at http://www.edd.ca.gov/pdf_pub_ctr/de2040.pdf

For information about State Disability Insurance (SDI), see the Employment Development Department (EDD), Disability Insurance (DI) Branch Web site at http://www.edd.ca.gov/Disability/Disability_Insurance.htm

For information about Paid Family Leave (PFL) program, see the EDD, DI Branch Web site at http://www.edd.ca.gov/Disability/Paid_Family_Leave.htm

The Voluntary Plan Group (VPG) webpage is at http://www.edd.ca.gov/Disability/Employer_Voluntary_Plans.htm

Voluntary Plan Group staff can assist you with your VP questions. Feel free to call our receptionist at (916) 653-6839, or see "Voluntary Plan Group Contacts," page 10, for the names, phone numbers, e-mail addresses, and responsibilities of each individual VP staff member.

Sincerely,

A handwritten signature in blue ink that reads "Sandra O. Poole".

SANDRA O. POOLE
Deputy Director
Disability Insurance Branch

Attachments

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1. LEGISLATION

Currently there are no new legislative initiatives or actions that affect voluntary plans.

2. REGULATIONS

Amendment to CCR Section 2601-1 to Clarify or Establish Various DI Definitions (Effective June 20, 2009).

a. 2601-1. Disability Insurance Definitions

EDD amended the California Code of Regulations (CCR), Title 22, Section 2601-1 to establish definitions to clarify terms utilized in the Department's State Disability Insurance (SDI) regulations, mitigate any potential misinterpretations of various terms, and to provide consistency with Title 22, Section 5000 of the CCR, as well as relevant California Unemployment Insurance Codes (CUIC).

- For the purposes of Section 140.5 of the CCR, no individual shall be deemed eligible for disability benefits for any week of unemployment unless such unemployment is due to a disability. (1) If an individual has been neither employed nor registered for work at a public employment office or other place approved by the director for more than three months immediately preceding the beginning of a period of disability, he or she is not eligible for benefits unless the Department finds that the unemployment for which he or she claims benefits is due to a disability and is not due to his or her previous withdrawal from the labor market.
- A claimant shall be notified in writing of any determination on his/her claim and of the reasons for any denial of his or her claim. Appeals from such determinations or denials of his or her claim may be filed in accordance with Section 2707.2 of the CUIC and CCR Sections 5000 through 5111, which set forth the applicable appeals procedures.

For the full text of laws governing voluntary plans, access CCR Title 22, Division 1 Employment Development Department, Part 2, Disability Compensation Chapter 6 Voluntary Plans.

NOTE: Authority cited: CUIC Sections 305, 306 and 2602. Reference: CUIC Sections 140.5, 2601, 2626, 2627, 2656, 2706.1, 2707.2, and 2708.

CCR Section 2706-7 was added to Title 22 and became effective September 30, 2009 to establish criteria for payment of Paid Family Leave (PFL) benefits pending an appeal by the claimant.

**b. 2706-7. Payment of Family Temporary Disability Insurance Benefits (FTDI)
Pending Appeal by Claimant**

This regulation mirrored requirements previously established in CCR 2706-5 (related primarily to DI) but was necessary to establish distinct requirements and examples specifically for PFL.

This section describes when FTDI (also known as Paid Family Leave) benefit payments can continue in situations where the Department initially determines a claimant is eligible for benefits, but subsequently determines the claimant is ineligible or disqualified from benefits, and the claimant files an appeal from the subsequent determination.

Reference: CCR, Title 22, Section 2101(c)1, Section 1263, Section 2602, & Section 2675 (a)

NOTE: Authority cited: CUIIC Sections 305, 306, 2706, and 3300. Reference: CUIIC Sections 1335, 1336, and 2706.

REMINDERS:

The following Title 22, California Code of Regulations (CCR) Sections 3258-1, 3267-1, and 3267-2 were amended effective October 26, 2008:

Section 3258-1 – Amendments changed EDD’s retention of securities from six calendar quarters to “up to 36 months” (twelve calendar quarters) after termination or withdrawal of the VP.

NOTE: As a result of this amendment, if your security deposit is a Guarantee Bond you **must immediately** submit a new Guarantee Bond or a rider to incorporate the new language. For more details and a sample of Guarantee Bond Rider Text, visit the EDD website at: http://www.edd.ca.gov/Disability/pdf/General_Release_Letter_2009.pdf

Section 3267-1 – Subdivision (a) of section 3267-1 of the CCR was amended to impose the same time period within which employers or insurers of approved VPs are required to report a first claim to the Department for Family Temporary Disability Insurance (FTDI) benefits, as they do for disability benefits. These reports are due within 15 days of receiving the claim and a final report of the claim is due within 35 days after final payment for each disability period.

Section 3267-2 – Subdivision (a) of section 3267-2 was amended to require the VP employer to file the “Annual Report of Self-Insured Voluntary Plan Transactions,” DE 2568V. The amendment further:

- Requires the submission of the report by the forty-fifth (45) day following the close of the calendar year.

- Increases the amount of time that an extension can be granted to file the report beyond the 45 day time period not to exceed an additional 30 days.
- Requests the name and location of the financial institution where the VP trust funds are held.
- Expands the reporting requirements to include FTDI benefit claims.
- Requires VP employers at the discretion of the Director to continue to file the DE 2568V reports for the time period (**12 calendar quarters**) during which the security deposit (described in Section 3258-1 of the regulation) is retained by the Department following a termination or withdrawal of a VP.

For the full text of laws governing voluntary plans, access CCR Title 22, Division 1 Employment Development Department, Part 2, Disability Compensation Chapter 6 Voluntary Plans.

3. CONTRIBUTION RATE AND WAGE CEILING

Effective January 1, 2010, the SDI worker contribution rate is **1.1 percent** of an employee's gross taxable wages up to \$93,316.

Reference: CUIC Section 984

The 2010 SDI taxable wage ceiling (the maximum amount of wages per employee that are subject to SDI contributions) will be \$93,316. The maximum annual contribution per employee for 2010 will be \$1,026.48 (\$93,316 x 1.1 percent). Employers report these contributions to the EDD Tax Branch on the Quarterly Contribution Return, DE 3D, line D, box D1 Voluntary Plan.

Reference: CUIC Section 985

4. VP ASSESSMENT RATE

Effective January 1, 2010, the VP assessment rate (on line K of the Quarterly Contribution Return, Form DE 3D) will not increase and remains **0.154 percent** (0.00154). This figure is the product obtained by multiplying the worker contribution rate by 14 percent, or $1.1 \times 0.14 = 0.154$ percent.

Reference: CUIC Section 3252[b]

VP employers must remit this payment to the EDD Tax Branch with their other tax payments. The employer may pay the assessment out of their corporate funds, or charge it to the VP trust fund. If charged to the VP trust fund, show the expenditure

on the "Annual Report of Self-Insured Voluntary Plan Transactions, DE 2568V," which is submitted to the VPG.

5. CALENDAR OF REQUIRED ACTIONS FOR 2010

Effective Immediately:

- Plan Text Amendments Require Immediate Notification to Employees

The law requires immediate notification to covered employees of any VP amendments no later than the effective date of the amendment. The notice of the amendment should include notification of the right to withdraw from the VP as of the effective date of the amendment.

Reference: CUI Section 3271[a]

The amendment process is outlined in Section 800 of the Employer's Guide to Voluntary Plan Procedures.

Please submit all plan text amendments for approval by February 15, 2010, to:

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

By January 1, 2010:

- Provide written notice to your VP employees of the increased maximum weekly benefit amount (WBA) of \$987 and maximum benefit amount (MBA) of \$51,324 and any other plan changes. Notice of benefit changes is not necessary if your VP already provides a higher WBA and MBA.
- Notify VP and SDI covered employees that the contribution rate will not increase and remains at 1.1 percent of taxable wages, but the taxable wage ceiling will increase to \$93,316 in 2010. VP employers may decrease their VP contribution rate and VP taxable wage ceiling to levels lower than the SDI contribution rate and SDI tax ceiling. Please note, however, that the \$93,316 taxable wage ceiling applies to both SDI and VP wages reported on line D1 Voluntary Plan and D2 State Plan, Quarterly Contribution Return, Form DE 3D. (See "Contribution Rate and Wage Ceiling," page 3).

By February 15, 2010:

- For all changes to your VP, please provide the VPG at the address indicated below, written documentation describing all amendments made to your 2010 plan. Include a copy of the employee notice informing employees of any rate changes and/or plan amendments.
- Complete and return to VPG the attached “Voluntary Plan 2010 Security Review” worksheet, Attachment 1, outlining proposed changes to your security deposit, along with required documents.
- Complete and return to the VPG the “Voluntary Plan Administrative Changes” information sheet, Attachment 2, only if you have changes to report.
- Complete and return to the VPG the Annual Report of Self-Insured VP Transactions, DE 2568V.

The DE 2568V Rev. 21 (11-08) for calendar year 2009 is due to the VPG by February 15, 2010. Employers can obtain the DE 2568V on the Internet at: http://www.edd.ca.gov/pdf_pub_ctr/de2568v.pdf

The Internet version of the DE 2568V Rev. 21 (11-08) cannot be automatically submitted to EDD via e-mail because it is a fill-in form only. However, employers can view the form on-line, fill in the blanks, print, and submit it via fax or mail to the VPG (see address below).

Alternatively, employers using the Internet version may electronically scan and e-mail the completed DE 2568V to the VPG at vp68v@edd.ca.gov

Reference: CCR Title 22 Section 3267-2

NOTE: Do not use an outdated version of form DE 2568V. Using an old version may require the VPG to return the form as incomplete. The new form has additional data fields that must be completed.

VP employers may request an electronic version of the current form from the VPG by calling (916) 653-6839.

Mail or fax hardcopies of the DE 2568V to the VPG at the following address:

EDD, Disability Insurance
Voluntary Plan Group
P.O. Box 826880, MIC 29VP
Sacramento, CA 94280-0001
Fax: (916) 653-6209

For more information on the DE 2568V, see the Employer's Guide to Voluntary Plan Procedures, Sections 740-755, on the Internet at http://www.edd.ca.gov/pdf_pub_ctr/de2040.pdf

Reference: CUIC Section 3271[a]

6. HOW TO DETERMINE WHEN TO INCREASE/DECREASE A SECURITY DEPOSIT

- **Making Adjustments to Existing Security Deposits**

The 2010 contribution rate is 1.1 percent of taxable wages, and the taxable wage ceiling is \$93,316. The amount of your existing security deposit may need to be adjusted due to the new contribution rate used in the calculation. We have included a "Voluntary Plan 2010 Security Review" worksheet, Attachment 1 to assist you with this calculation. Please complete and return the worksheet to the VPG by February 15, 2010, regardless of whether a change was made to your VP security amount.

Reference: CUIC Section 3258

If the difference between your existing security and the required amount is more than 5 percent, you must increase your security amount.

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

Using this example, the security amount need not be increased, since the difference between the two amounts is only 2.5 percent.

EXAMPLE #2:	Required Security Amount:	\$219,350
	Existing Security Amount:	\$205,000

Example #2 clearly indicates that the security needed exceeds 5 percent, thus requiring you to increase the security amount.

If a security increase is required, when instructed to do so, please return the "Voluntary Plan 2010 Security Review" worksheet with one of the following items to the VPG by February 15, 2010:

- Guarantee bond rider to amend your guarantee bond
- Letter of credit amendment
- Cash or Bearer bond

Before submitting any change in security, please review Section 780 of the Employer's Guide to Voluntary Plan Procedures.

Reference: CCR, Title 22, Section 3258-1; CUIC Section 3258

7. HOW TO COMPLETE THE VP 2010 SECURITY REVIEW WORKSHEET

To complete the worksheet, first obtain a reasonable estimate of your 2010 taxable wages up to the ceiling amount of \$93,316 per employee, and then calculate the required security amount by applying the following formula:

- 2010 Estimated VP Total Taxable Wages x 0.5 (per CUIA Section 3258) x 1.1 percent (worker contribution rate beginning January 1, 2010) = estimated 2010 security amount.
- Round up to the next even \$100.00
- Minimum required deposit is \$1,000.00

EXAMPLE #1: Year 2010 taxable wages = \$1,455,000
 \$1,455,000 x .5 x .011 = \$8,002.50
 Security deposit should be \$8,100 because you
 are asked to round up to the next even \$100.

EXAMPLE #2: Year 2010 taxable wages = \$175,000
 \$175,000 x .5 x .011 = \$962.50
 Security deposit should be \$1,000 because the
 minimum required security deposit is \$1,000.

See Attachment 1 for the 2010 Security Review Worksheet.

8. WHERE TO SEND YOUR SECURITY DEPOSIT

- **Guarantee Bond or Letter of Credit Deposits**

Send an original and one copy of your guarantee bond or letter of credit to one of the following addresses, depending on mail or in-person delivery:

Mailing Address:

EDD, Disability Insurance Branch
Voluntary Plan Group
Attention: Security Analyst
P.O. 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

- **Cash Security Deposits**

To send a cash deposit first complete the form “Agreement Regarding Deposit of Cash, DE 2545V” and send the form to the VPG. The VPG will review the form and advise you of where to remit the cash security, if appropriate.

When changing the amount of your current cash deposit, first send a written request to the VPG specifying the amount of the proposed change. Upon approval of your request, the VPG will do one of the following; if you are increasing the security amount VPG will instruct you where to send your check; if you are requesting a refund, the VPG will need to know to whom and where to send the refund.

Effective May 22, 2008, the EDD began depositing all cash securities into an interest bearing Special Deposit Fund account with the State Controller’s Office.

In September 2008, the Voluntary Plan Group (VPG) issued a General Release letter that outlines the new procedures for those VP employers that submit cash as their instrument of security deposit. If you would like a copy of this letter, call Glenn Lomax at (916) 653-2883 or go to our website at:
http://www.edd.ca.gov/Disability/pdf/GR_Cash_Deposits.pdf

To check quarterly interest rate earnings on cash deposits, see the California State Controller’s Office Surplus Money Investment Fund Apportionment Yield Rates, accessible at: <http://www.sco.ca.gov/Files-ARD/smifrate.pdf>

Reference: **CUIC Sections 3258, 3267; CCR, Title 22, Section 3267-2**

9. VOLUNTARY PLAN ADVISORY GROUP

The EDD actively participates in the Voluntary Plan Advisory Group (VPAG). The VPAG consists of VP employers, third-party administrators (TPA) and EDD representatives who meet twice yearly to discuss VP issues and pending legislation, share common concerns, clarify VP claim procedures, and exchange ideas to improve the VP program.

The last meeting was held on October 1, 2009 in Burbank, California. The next meeting is in April 2010 in San Jose, California. You will be notified of the exact date of the next meeting when scheduled.

Travel expenses to attend VPAG meetings may be charged to the VP Trust Fund.

To join the VPAG, contact Chris Okugo, Manager of the Voluntary Plan Group at (916) 654-8250 or e-mail: cokugo@edd.ca.gov

10. GENERAL INFORMATION

a. Voluntary Plan Administrative Changes

Complete the "Voluntary Plan Administrative Changes" information sheet, see Attachment 2, to report changes to the contact person's name, phone or fax numbers, e-mail, or street addresses associated with your plan. Please return this form to the VPG by February 15, 2010, only if you have changes to report.

b. EDD Tax Questions

The VPG receives inquiries regarding employer tax issues, which should be directed to the EDD Tax Branch. The forms that generate most of these questions are the DE 3D, DE-6, DE 1176, and DE 16.

To get answers to your tax questions, contact the EDD Tax Branch at the toll-free number, 1-888-745-3886 or at 916-464-2500, and ask to speak with the "Auditor of the Day."

c. EDD Medical Director Contact Information

- For medical questions contact:
Robert M. Heiligman, MD, MPH
800 Capitol Mall, MIC 29 B
P.O. Box 826880
Sacramento, CA 94280 -0001
(916) 654-8621

d. VP Forms and Publications

To obtain VP forms and publications, contact the VPG at (916) 653-6839 or access our web site at:

- http://www.edd.ca.gov/Disability/VP_Forms_and_Publications.htm

11. INTERNET ADDRESSES FOR EDD AND CALIFORNIA LEGISLATION

To access information on the Internet relating to the EDD and California legislation, use the following addresses:

- EDD www.edd.ca.gov/
- Official California Legislative Information www.leginfo.ca.gov
- California Codes (including CUIC) www.leginfo.ca.gov/calaw.html

- California Code of Regulations www.oal.ca.gov/
- California State Senate www.senate.ca.gov/
- California State Assembly www.assembly.ca.gov/defaulttext.asp

12. VPG CONTACTS

The following is a list of VPG staff names, telephone numbers, e-mail addresses, and primary functions. VPG staff are always ready to provide you with assistance.

Name	Phone Number & E-mail Address	Duties
Chris Okugo	(916) 654-8250 Chris.Okugo@EDD.ca.gov	Manager, VP Group
Victor Young	(916) 654-9248 Victor.Young@EDD.ca.gov	Manager, VP Administration Unit
Katy Cavender	(916) 654-9172 Katy.Cavender@EDD.ca.gov	Manager, VP Audit & Compliance Unit
Jim Iwamiya	(916) 654-9279 Jim.Iwamiya@EDD.ca.gov	New Plan Approvals, Amendments
Francine Mendenhall	(916) 653-7417 Francine.Mendenhall@EDD.ca.gov	Plan Withdrawals/Terminations
Jaime Briseño	(916) 654-7811 Jaime.Briseno@EDD.ca.gov	Security Deposits
Douglas Richmond	(916) 654-6777 Douglas.Richmond@EDD.ca.gov	New Plans and Security Deposits
Glenn Lomax	(916) 653-2883 Glenn.Lomax@EDD.ca.gov	General Release Letters, Special Projects

- **Written inquiries about voluntary plans may be addressed to:**

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

13. ACRONYMS

AB	Assembly Bill
CCR	California Code of Regulations, Title 22
CFRA	California Family Rights Act
CUIC	California Unemployment Insurance Code
DI	Disability Insurance
EDD	Employment Development Department
EIN	Employer Identification Number
ER	Employer
FMLA	Family and Medical Leave Act
FTDI	Family Temporary Disability Insurance
GR	General Release
MBA	Maximum Benefit Amount
PFL	Paid Family Leave
PIT	Personal Income Tax
SB	Senate Bill
SDI	State Disability Insurance
UI	Unemployment Insurance
UCD	Unemployment Compensation Disability
VP	Voluntary Plan
VPAG	Voluntary Plan Advisory Group
VPDI	Voluntary Plan Disability Insurance (Claim)
VPFL	Voluntary Plan Paid Family Leave (Claim)
VPG	Voluntary Plan Group
WBA	Weekly Benefit Amount
WCTD	Workers' Compensation Temporary Disability

Voluntary Plan 2010 Security Review*(Please do not alter or reformat this worksheet!)*

Employer Name _____ VP #99- _____

California Employer Account Number _____

Name of Third-Party Administrator, if any _____

2009 Quarterly Taxable Wages(from Line D1 on your Quarterly
Contribution Return Form DE 3D)1st Quarter \$ _____2nd Quarter \$ _____3rd Quarter \$ _____4th Quarter \$ _____**2009 Total** \$ _____**Total Estimated 2010 Taxable Wages*****2010 Total** \$ _____* Reminder: The maximum taxable wage ceiling will be \$93,316 for 2010**Security Required to Continue VP**Total Estimated 2010 Taxable Wages \$ _____ x .5 x .011 = \$ _____
(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 February 15, 2010, to one of the following addresses, depending on mail or in-person delivery:**Mailing Address:**EDD, Disability Insurance Branch
Voluntary Plan Group
Attention: Security Analyst
P.O. 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 is attached.
- Security adjustment will be forwarded to the EDD under separate cover.
- Request to submit cash.
- Request to submit bearer bond.
- No adjustment to the current security amount is needed.

Name _____ Date _____
(Print or type your name)

Phone Number _____ E-mail Address _____

Please direct questions about this form to VPS at (916) 653-6839.

Voluntary Plan Administrative Changes

- Please complete and return by February 15, 2010, to:

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

Related companies may report identical information on one form. Please list each plan number and name.

Employer Name _____ VP # 99- _____

California Employer Identification Number (EIN) _____

- Does this employer account operate under any other business names?
If so, please list the names on the reverse side.

Main Contact Person, (usually the benefits manager, human resources manager, or personnel manager) regarding 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 on the Report of Self-Insured Voluntary Plan Transactions, DE 2568V):

Name _____ Title _____
Address _____
Phone _____ Fax _____
E-mail Address _____

Disputed coverage referrals (claims received by EDD that may be VP liability) should be addressed as follows:

Name _____ Title _____
Address _____
Phone _____ Fax _____
E-mail Address _____

Form Completed by: Name _____ Date _____

E-mail Address _____ Phone _____

If you would like to receive your General Release letter only via E-mail, please fill out the information below:

Check box: Yes No

Your Full Name _____

Your Email Address _____

Additional Email Addresses _____