



## **New Jersey Temporary Disability Benefits Update for 2006**

Under the New Jersey Temporary Disability Benefits (TDB) Law, cash benefits are payable to employees who cannot work due to a sickness or injury not caused by their job. Every year the State makes adjustments to the plan, such as increasing the taxable wage base and maximum weekly benefit for the plan.

Below is a list of frequently asked questions pertaining to NJ TDB, including increases that will go into effect January 1, 2006.

### **What employers are covered by the NJ TDB Law?**

The law applies to all New Jersey employers with one or more employees and a minimum annual payroll of \$1000.

### **What employees are eligible for benefits?**

In order to be eligible for TDB benefits, employees must:

- work for a New Jersey employer (it does not matter if the employee resides in a different state); and
- have worked at least 20 calendar weeks (for a NJ employer) and earned a minimum of \$103 per week, or earned at least \$5200 during the Base Year. The Base Year is defined as the 52 weeks immediately preceding the week before the disability began.

### **Can employees collect workers' compensation and NJ TDB at the same time?**

In general, the Law prohibits duplication of benefits. Therefore, for any period in which benefits are payable under workers' compensation, unemployment compensation, or any other similar cash benefit, there will be no payment under the NJ TDB.

### **What is the maximum amount NJ TDB pays to employees?**

The weekly benefit amount is calculated using the average weekly wage. The average weekly wage is based on the earnings in the 8 calendar weeks prior to the disability. Employees are paid  $\frac{2}{3}$ <sup>rd</sup> (or 66.67%) of their wage up to a maximum amount set each calendar year.

- 2005 Maximum Weekly Benefit: \$470
- 2006 Maximum Weekly Benefit: \$488

### **Is there a waiting period that must be satisfied before NJ TDB is paid?**

Yes, there is a 7-day elimination period (or waiting period) before benefits are paid for both accident and sickness. If benefits are paid for 3 consecutive weeks or longer, then the elimination period is waived and the first 7 days are paid as well through a separate check.

### **What is the maximum period of time for which an employee can collect NJ TDB?**

The maximum period is 26 weeks, or once an individual receives 1/3<sup>rd</sup> of base pay for the year preceding the disability, whichever is less.

### **What is the monthly cost for NJ TDB?**

Both NJ employees and employers contribute to the cost for the temporary disability coverage.

- **Cost to employees:** Employees contribute 0.5% on the taxable wage for the calendar year.
  - 2005 Taxable Wage Base is \$24,900: Maximum annual employee contribution is \$124.50 (.005 x \$24,900).
  - 2006 Taxable Wage Base is \$25,800: Maximum annual employee contribution is \$129.00 (.005 x \$25,800).
- **Cost to employer:** The contribution amount for employers varies from .10% to .75% of the taxable wage base.
  - 2005 Employer Contribution Range: Employers contribute between \$24.90 and \$186.75 on the first \$24,900 earned per employee per year.
  - 2006 Employer Contribution Range: Employers contribute between \$25.80 and \$193.50 on the first \$25,800 per employee per year.

### **Can employers provide temporary disability benefits through a private insurance plan rather than the New Jersey State Plan?**

Yes, the law allows employers to provide coverage through an approved private plan. The private plan must be at least as liberal in benefits as the state plan. In addition, employees cannot be charged any more than they would have for the state plan.

The benefits of using a private insurance company vs. the state plan will vary by company. Your RSI Benefits Consultant would be glad to walk you through the pros and cons of each plan if you are interested.

### **Where can I learn more about the NJ TDB plan?**

The New Jersey Department of Labor and Workforce Development website is an excellent source of information. You can access this site through the following address:

<http://www.state.nj.us/labor/tdi/dirmessa.html>

In addition, you or your employees may direct any questions to your RSI Benefit Service Specialist or Benefits Consultant at 1-800-394-6111.

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