Payment Upon Separation of Employment

OVERVIEW
Payment to a WSU employee upon separation of employment includes any compensation due the employee minus appropriate deductions.

The separating personnel action processed through the Personnel/Position/Payroll Electronic Routing Management System (PERMS) and the employee's final Leave or Time Report initiate the employee's final payment.

Instructions for processing personnel actions through PERMS are in BPPM 60.25, Leave Report in BPPM 60.63, Leave Report for Classified (Excepted) Employees in BPPM 60.62, and Time Report in BPPM 60.60. (NOTE: Classified employees include civil service and collective bargaining unit employees.)

GENERAL INFORMATION

Source of Funds
Final payment for terminating employees is charged to the current position account configuration unless one or more other accounts are specified in the remarks section of the personnel action or the Time/Leave Report.

Final payment that occurs while an employee is funded by a grant or contract is charged to the grant or contract.

Start Retirement Process
Retiring employees should contact Human Resource Services (HRS) at least six weeks prior to the anticipated retirement date to start retirement procedures.

Academic-year faculty retire effective December 31 or May 15.

Recovery of Retirement Contributions
Under certain circumstances, employees may recover retirement contributions made during WSU employment. Retirement contributions are recovered directly from the retirement system and are not part of the final WSU lump-sum payment. Contact HRS for more information.

Deceased Employee
State regulations govern procedures for releasing compensation owed to a deceased employee's estate.

See SAAM 85.34.30. Contact Payroll Services for details.

Leave Balances
Faculty, Administrative Professionals Direct questions regarding current leave accruals for faculty and administrative professional personnel to HRS.
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Civil Service and Collective Bargaining Unit Employees

Contact the employing department to obtain current leave balances for currently-employed civil service and collective bargaining unit employees. Contact HRS to obtain current leave balances for civil service and collective bargaining unit employees who are no longer employed by WSU. The employing department maintains the leave records until the employee terminates employment; HRS maintains the employee's leave records after separation.

REIMBURSEMENT

Annual Leave

WSU pays for eligible unused annual leave at the employee's hourly rate.

Human Resource Services enters the number of hours of annual leave under Terminal Leave Hours—Annual on the separation Personnel Action after an audit of the employee's leave records.

Eligible Classes

The following classes of employees are eligible for reimbursement for unused annual leave: (RCW 43.01.041, WAC 357-31-225)

- Civil service employees who have completed six months of continuous employment and who have provided a written resignation with a minimum of 15 calendar days notice. NOTE: The appointing authorities may waive the notice period. (WAC 357-46-150)

- Civil service employees who have completed six months of continuous employment and separate due to death, retirement, layoff, dismissal, or trial reversion.

- Civil service employees with less than six months WSU service who transferred accrued leave to WSU from other state agencies, if total state service equals or exceeds six continuous months.

- Collective bargaining unit employees who have completed the employment and separation requirements specified in the applicable bargaining unit agreements.

- Administrative professional (AP) personnel who separate from the University.

- Permanent annual faculty.
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Ineligible Classes

The following classes are not eligible for payment for unused annual leave:

- Civil service employees who have not completed six months of continuous state service.

- Employees who transfer to other state employment. (RCW 43.01.040, WAC 357-31-110)

- Temporary annual faculty and temporary administrative professional staff. The University includes the following statement on previous Personnel Actions for these employees: "Accumulated annual leave must be used prior to termination date unless you obtain a written exception from the appointing authority."

- Graduate and undergraduate student appointments.

Maximum Annual Leave Accrual

**Civil Service Employees**

The maximum accrual for a civil service employee is 240 hours plus any hours accrued since the last anniversary date or exceptions approved by the Director of HRS. See BPPM 60.57 for the exception procedure.

**Collective Bargaining Unit Employees**

For a collective bargaining unit employee, refer to the applicable bargaining unit agreement regarding maximum annual leave accrual.

**Faculty, AP**

The maximum accrual for faculty and administrative professional (AP) personnel is 352 hours.

**Sick Leave**

At retirement, an eligible employee may either receive benefits from the Voluntary Employee's Benefit Association Medical Expense Plan (VEBA MEP) or receive payment for accrued sick leave.

NOTE: The employee does not personally choose between VEBA MEP or sick leave payment. See VEBA MEP and Payment for Sick Leave.

If the employee is retired at time of death, the employee's beneficiaries may receive benefits from either the VEBA MEP or receive payment for accrued sick leave, as applicable.

If the employee dies while still employed by WSU, the employee's beneficiaries may receive payment for accrued sick leave.
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Eligibility

Civil Service Employees, Administrative Professionals
All civil service and administrative professional employees are eligible.

Collective Bargaining Unit Employees
For a collective bargaining unit employee, refer to the applicable bargaining unit agreement regarding payment of accrued sick leave.

Faculty
Research and teaching faculty are ineligible for the sick leave payment program.

VEBA MEP
The VEBA MEP is a post-retirement tax-free medical expense reimbursement account. WSU deposits an amount equivalent to the employee's cash-out of compensable unused sick leave at retirement to a trust account. The VEBA trust account is used to pay allowable medical expenses incurred by the retired employee.

If the employee is retired and receiving VEBA benefits at time of death, the VEBA trust account is used to pay allowable medical expenses incurred by the employee's beneficiaries.

The employee must be a part of an employee group that elects to participate during the year of retirement. Contact HRS for information regarding participating employee groups.

Payment for Sick Leave
If an employee is not a member of an employee group that participates in VEBA MEP, he or she may be eligible for sick leave payment. WSU pays an eligible employee or the employee's estate for unused sick leave at a rate of one day's current pay for each four full days of the total sick leave accrual if the termination is due to death or retirement (see BPPM 60.41). (RCW 41.04, WAC 357-31-150) For collective bargaining unit employees, refer to the applicable bargaining unit agreements regarding payment of unused sick leave.

Claiming Pay for Unused Sick Leave
Human Resource Services enters the total number of accrued hours under Terminal Leave Hours—Sick on the Personnel Action Form that initiates separation.

Sick leave payments made due to death are not subject to OASI deductions. Sick leave payments made due to retirement are subject to OASI deductions.

January Resignations
For separations effective in January, the employee may be entitled to yearly sick leave payment for leave earned but not used during the previous year.
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January Resignations (cont.)

Report hours according to procedures outlined in BPPM 60.41.

By the deadline on the bottom of the current Academic Payroll Documents Calendar, complete the separation personnel action through a PERMS transaction and submit the employee's original Leave Reports or Time Reports to HRS.

Compensatory Time (Overtime-Eligible Only)

Compensatory time is paid to civil service employees, administrative professional employees, and applicable collective bargaining unit employees who are overtime-eligible. (Refer to the applicable collective bargaining unit agreements regarding overtime.) WSU pays for all unused compensatory time at the employee's hourly rate.

After conducting an audit of a terminating employee's leave records, HRS notifies Payroll Services of the number of hours of any unused compensatory time, sick leave, and/or annual leave on a printed copy of the separation personnel action.

Leave Accrual for Partial Months

Leave accrual for administrative professional employees and annual faculty is prorated for the month.

Civil service employees terminating on or before the fifteenth of the month do not receive accrued leave for the month. An employee terminating on or after the sixteenth receives the full monthly accrual provided that the employee has not been on leave without pay in excess of ten full working days during the month. (WAC 357-31-120, WAC 357-31-175, WAC 357-31-180)

For collective bargaining unit employees, refer to the applicable bargaining unit agreements regarding leave accrual for partial months.

Reporting the Final Leave Accruals

If the separation is effective in the current month, submit a completed Leave or Time Report to HRS when completing the separation personnel action through PERMS. Indicate anticipated leave activity for the remainder of the employment period on the Leave or Time Report.

When the Payroll Expenditure Audit Report for the pay period is reviewed, verify that the payment reflects worked hours, leave hours reimbursed, and outstanding obligations (see BPPM 55.22).
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Reporting Final (cont.)
If the leave balance is different from the previously submitted balance, prepare a corrected Leave or Time Report. Submit the corrected forms to Human Resource Services on the last day of employment. Human Resource Services immediately notifies Payroll Services of the changes.

Since HRS may prepare a retirement personnel action through PERMS prior to the date of retirement, the employing department must submit a final Leave or Time Report with current balances at the time the employee retires.

HOLIDAY COMPENSATION
Employees working twelve-month schedules or instructional year employees who work full monthly schedules throughout their work year must be in pay status on their last regularly scheduled working day preceding and after the holiday(s) to receive compensation for the holiday(s). For example, an employee with a termination date of December 31 does not receive holiday pay for January 1 (New Year’s Day) because the holiday occurs after the termination date. (WAC 357-31-025)

NOTE: For collective bargaining unit employees, refer to the applicable bargaining unit agreements regarding holiday compensation.

ADDRESS CHANGES
An employee who is moving after separation of employment should update his or her address by using the web application at:

my.wsu.edu/

Select My Profile, then
Select Change Address or Phone.

See BPPM 90.70.

Payroll Services sends the W-2 to the employee's last known address.

Resigning and Permanently Leaving North America
Resigning employees who plan to permanently leave the continent of North America can arrange to receive a final paycheck and W-2 form at the time of departure.

The employing departmental administrator routes a written request through appropriate channels to HRS and Payroll Services certifying the date services will be completed and the fact that the employee is permanently leaving North America. Include the date the check and W-2 are to be picked up. Include instructions if the W-2 is to be mailed at a later time to a specified foreign address.
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Permanently Leaving (cont.) The employee cannot receive the final paycheck until employment responsibilities are complete.

Payroll Services must receive the approved request at least two weeks prior to the departure date in order to process the paycheck.

DEADLINES

PERMS Transactions (Personnel Actions) Human Resource Services must receive an approved PERMS transaction for the separation personnel action by the pay period documents deadline and the leave audit must be completed in order for the employee to receive a lump-sum payment (see BPPM 55.04).

Requests to Stop Customary Miscellaneous Deductions Payroll Services must receive all requests to stop customary miscellaneous deductions by the employee-initiated changes deadline. See Deductions and BPPM 55.04.

FINAL PAYCHECK Payroll Services calculates the amount of the final paycheck.

Salary for Partial Pay Periods The salary for a part of a pay period is calculated by dividing the number of days worked in the pay period by the total number of working days in the pay period multiplied by one-half the full monthly rate.

Annual Leave Unused annual leave is reimbursed at the employee's hourly rate. Payroll Services determines the hourly rate for annual leave by multiplying the monthly salary rate times 0.0063 and rounding to three places.

Sick Leave

VEBA MEP If the employee participates in the Voluntary Employee's Benefit Association Medical Expense Plan (VEBA MEP), the amount of the account deposit is shown on the final earnings statement.

Sick Leave Payment If the employee receives payment for accrued sick leave, the amount paid is determined by multiplying the employee's hourly rate times 25 percent of the accrued sick leave total. Payroll Services calculates the hourly rate by multiplying the monthly salary by 0.005747 and rounding to three places.

Compensatory Time Compensatory time is reimbursed at the hourly rate. Payroll Services calculates the hourly rate by multiplying the monthly salary by 0.005747 and rounding to three places.
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<table>
<thead>
<tr>
<th>Deductions</th>
<th>Payroll Services makes appropriate deductions from the final payment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax</td>
<td>Federal withholding tax (income tax) is deducted from all payments.</td>
</tr>
<tr>
<td></td>
<td>Withholding based upon the lump sum final payment can exceed a proportional contribution when estimated annual income is considered. The employee may request an alternative deduction amount based upon a set percent of earnings by submitting a revised W-4 form to Payroll Services.</td>
</tr>
<tr>
<td>Outstanding Obligations</td>
<td>Outstanding obligations to WSU may be deducted from the final paycheck, e.g., traffic fines or library fines. (WAC 504-14-810, WAC 504-15-810, WAC 504-19-810, WAC 504-40-060)</td>
</tr>
<tr>
<td>Customary Miscellaneous</td>
<td>Customary miscellaneous deductions, e.g., credit union or parking deductions, will be withheld from the last paycheck unless the employee contacts the appropriate offices and stops each deduction.</td>
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</tbody>
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