## Payment Upon Separation of Employment

**NOTE:** The website URL for Workday reference guides that are referenced in this section is:
[https://jira.esg.wsu.edu/plugins/servlet/desk/portal/91](https://jira.esg.wsu.edu/plugins/servlet/desk/portal/91)

### OVERVIEW

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

The separating personnel action processed in Workday and the employee's final time or leave report in Workday initiate the employee's final payment.

Instructions for processing personnel actions in Workday are available in the Workday Change Job reference guide.

### GENERAL INFORMATION

**Source of Funds**

Final payment for terminating employees is paid based on the employee’s organizational default unless they have a costing allocation that overrides that default. See the Workday Assign Costing Allocation reference guide.

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.

HRS enters the number of hours of annual leave under Terminal Leave Hours—Annual on the separation personnel action in Workday 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.

- Permanent 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 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 Chief Human Resources Officer. 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.
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Sick Leave (cont.)

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

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

HRS enters the total number of accrued hours under Terminal Leave Hours—Sick on the personnel action in Workday 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.
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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.

Report hours according to procedures outlined in BPPM 60.41.

By the deadline on the bottom of the current Payroll Documents Schedule, complete the separation personnel action in Workday and submit the employee's original leave reports or time reports to HRS, for reports signed prior to December 2020.

NOTE: Effective December 2020, HRS may directly access for audit purposes all leave and time reports created and signed within Workday.

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 for payment.

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 annual leave for the month. Sick leave is prorated based on the amount of hours worked in the month. An employee terminating on or after the sixteenth receives the full monthly annual and sick leave 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)

Collective bargaining unit employees, refer to the applicable bargaining unit agreements regarding leave accrual for partial months.
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| Reporting the Final Leave Accruals | HRS enters the number of hours of final leave payout after an audit of the employee's leave records. If the leave balance is different from the previously submitted balance, submit current leave balances in Workday to HRS on the last day of employment. HRS immediately notifies Payroll Services of the changes. Since HRS may prepare a retirement personnel action through Workday prior to the date of retirement, the employing department must submit current leave 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 their address in Workday prior to separation.

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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Resigning (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

| Workday Transactions (Personnel Actions) | HRS must receive an approved Workday 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 the highest penny. |
| 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 the highest penny. |
| Deductions | Payroll Services makes appropriate deductions from the final payment. |
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<table>
<thead>
<tr>
<th>Income Tax</th>
<th>Federal withholding tax (income tax) is deducted from all payments.</th>
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<tbody>
<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 are withheld from the last paycheck unless the employee contacts the appropriate offices and stops each deduction or cancels the voluntary deductions.</td>
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