

Eligibility for Payment

An employee may be eligible for payment of unused sick leave hours at the time of termination or retirement:

- See Benefits, Attendance and Leave for Eligibility.
- Temporary employees do not accrue sick leave.
- Sick leave payouts are not eligible for State retirement credit.

Method of Certification

Unused sick leave hours eligible for payment will be made automatically by Payroll approximately 30 days after the employee's separation date and after approval by the University Attendance and Leave Administrator. See the *Leave Payout Operating Procedures for Terminating Employees* for more information.

Method of Payment

Sick Leave Payouts are distributed with the regular payroll unless special handling is required due to elected retirement deferrals.

Taxation

Federal tax is withheld at the Federal Supplemental tax rate of 25%. Social Security and Medicare taxes are applicable based on the employee's tax status.

Additionally, an employee may elect to divert all or part of their sick leave payout to existing 403b annuity or state deferred compensation plans by completing a *Lump Sum Rollover Request* form. The form may be obtained from the employee's Benefits Representative in their Service Center and must be submitted to Payroll within two weeks of the employee's separation date. Generally, the employee will need to meet with their Benefits Representative prior to separation from the university to discuss this option. Note that federal limits for retirement deferrals apply to this type of transaction and each individual employee's deferral limits must be calculated before the payout is made.