

STATE CONTROLLER'S OFFICE  
PERSONNEL AND PAYROLL SERVICES DIVISION  
P.O. BOX 942850  
SACRAMENTO, CA 94250-5878

DATE: September 30, 2021

PAYROLL LETTER #21-013  
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Jil Barraza, Chief  
Personnel and Payroll Services Division

**RE: LUMP SUM SEPARATION PAY AND CONTRIBUTION**

As the year-end peak workload of employee separations with lump sum deferrals quickly approaches, the Personnel/Payroll Operations Bureau (PPOB) would like to remind agencies of some important dates, procedures, and tools available to prepare and submit the separation PAR.

#### **Online Support for 2021 Lump Sum Separation Pay Documentation and Processing**

- [Lump Sum Toolkit](#)
  - A Guide For Avoiding Common Errors: Lump Sum Documentation and Processing
  - Lump Sum Worksheet
  - Lump Sum Pretax Calculator
  - Lump Sum Separation Pay FAQ
  - Talking Points and Activities for a Lump Sum Peak Workload Kickoff Meeting
- [Personnel Action Manual \(PAM\)](#)
- [Payroll Procedures Manual \(PPM\)](#)
- Civil Service (CS) PAR email notification: The State Controller's Office (SCO) will send an email to the contact name on the PAR to notify agencies when a PAR package is received.

#### **Reminders for PAR Documentation and Pay Calculation**

- PAR Item 962 (see [PAM Section 2.149](#))
  - EID/Established Earnings: If there is an EID that is not indicated on the PAR, write the EID number and amount in the Remarks box. All EID sources must be verified by SCO.
  - For unverifiable 962 salary rate, show the breakdown in Box 10.
- PAR Line 10: Indicate in Remarks which account – 401(k) or 457(b) to max out first, if applicable. Indicate the tax year on the cover sheet and on the PAR Line 10.
- Correcting a PAR: Call the Statewide Customer Contact Center (SCCC) at (916) 372-7200 before submitting a corrected PAR.

#### **Savings Plus Lump Sum Separation Pay Contribution Election Form**

- The Savings Plus Lump Sum Separation Pay Contribution Election Form ([Election Form](#)) must be signed, dated, and officially submitted by the employee at least five workdays (Monday through Friday, excluding Saturdays, Sundays and legal holidays) prior to the separation effective date. Agencies should encourage employees to submit the necessary documentation at least 30 days in advance to allow time to address questions, verify calculations of the lump sum, and prepare the PAR.

- PPOB will cancel any PAR package when the election form does not meet the 5-day requirement (see the [Election Form](#) and California Labor Codes [201](#) and [202](#)). Also, no changes to the election form will be accepted after the 5-day threshold has passed.

### **Government Codes 201 and 202**

- The Savings Plus Lump Sum Separation Pay Contribution Election Form must be signed, dated, and officially submitted by the employee at least five workdays (Monday through Friday, excluding Saturdays, Sundays and legal holidays) prior to the separation effective date.
- If cash is deferred to the next tax year, it must be tendered by February 1, 2021
- Contributions to Savings Plus account: Contributions must be deposited into the Savings Plus account within two and one-half months after date of separation.

### **Deferring Into the Next Tax Year**

- For those employees deferring into the next tax year, agencies must indicate on the PAR a separation effective date in November or December only. The employee's CalPERS retirement date must be on or after November 2, 2021 (note: the official retirement date is one day after the separation effective date); employees with a CalPERS retirement date before November 2, 2021, do not qualify to defer into the 2022 tax year.

### **Questions, Concerns, and Errors**

- To help avoid missing important deadlines or making common mistakes that may increase processing times, it is recommended that agencies use the Lump Sum Toolkit along with relevant manuals and training documents.
- PPOB will attempt to contact the agency specialist or alternate contact regarding PAR errors. However, if PPOB does not receive a response by close of business (COB) the following working day, the separation request will be cancelled. For example, if PPOB contacts the specialist on Friday and does not receive a response by Monday COB, PPOB will cancel the separation request. PPOB will notify the agency of this action via email.
- Do not send a duplicate or inquiry PAR, as this may significantly impact the time it takes for SCO to process the transaction. You will receive a confirmation email upon SCO's receipt of the PAR. If you do not receive an email within 3 to 4 days confirming receipt by SCO, call the SCCC to inquire and follow the prompts for Civil Service Audits.
- For questions related to PAR documentation and processing, contact the SCCC and follow the prompts to direct your call to Civil Service Audits.
- For payroll-related questions, contact the SCCC and follow the prompts to direct your call to Civil Service Payroll.

### **Dates and Guidelines for Submitting All Required Documents to SCO**

- Lump sum PARs are submitted as a "package," and a package includes all relevant lump sum documentation, which is limited to the cover sheet, PAR, Election Form, and Catch-Up Form (if applicable). (Do not include STD. 640 State Pay Period Calendars)
- Include only one SSN per PAR package.
- PPOB recommends submitting the PAR to SCO as early as possible.
- The month of separation determines the date or timeline by which documents must be received by SCO. See the dates in the table below to allow SCO adequate time to process incoming separations. PAR packages received by SCO after the dates specified could result in charges assessed by CalHR to the

agency as stated in [section 1802 of the CalHR Manual](#) and/or a corrected W-2 for the 2021 tax year.

- SCO will send an email to the contact name on the PAR to notify agencies when a PAR package is received.

Separation Month	1st PAR Received at SCO by...	2nd PAR Received at SCO by...
October 2021	As early as possible	NA
November 2021	12/10/21	12/27/21
December 2021	12/10/21	1/14/22

- Refer to the [weekly processing dates](#) on the SCO website to monitor processing times.
- Upload Requirement
  - **ConnectHR**
    - In the dropdown menu, select **CS Audits - Separation PAR Package (Lump Sum)**.
    - Upload one PAR package per SSN – do not combine PAR packages for multiple SSNs in an upload. A PAR package includes: cover sheet, PAR, Election Form, and Catch-Up Form (if applicable).
- **Please be advised that this is a time sensitive workload. Labor Codes 201 and 202 require timely processing of lump sum separation pay. Errors in the PAR package may extend processing time. Please refer to the lump sum toolkit, and provide the necessary information to your employees to ensure they make a thoughtful decision regarding their options before submitting documents. The Savings Plus website includes a [Learning Center](#) to help employees with items that they should consider when retiring.**

For questions related to lump sum separation pay and contributions, please contact the [Statewide Customer Contact Center](#) at (916) 372-7200.

- For questions related to PARs, follow the prompts for Civil Service Audits.
- For payroll-related questions, follow the prompts for Civil Service Payroll.

**Additional Contact Information:**

- HR Suggestions Email (All HR Staff) [PPSDHRSuggestions@sco.ca.gov](mailto:PPSDHRSuggestions@sco.ca.gov)
- ConnectHR Email: [connecthrhelp@sco.ca.gov](mailto:connecthrhelp@sco.ca.gov)
- Cal Employee Connect Email [connecthelp@sco.ca.gov](mailto:connecthelp@sco.ca.gov)
- Cal Employee Connect Feedback Email [connectfeedback@sco.ca.gov](mailto:connectfeedback@sco.ca.gov)

**SCO Key Initiatives:**

- [Cal Employee Connect Project](#)
- [California State Payroll System Project](#)

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