

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

DATE: October 2, 2023

PAYROLL LETTER #23-015
(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 and 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 Human Resources (HR) Personnel Specialists

- [Lump Sum Toolkit](#)
 - Separation Checklist for Personnel Specialists
 - Coversheet for a Lump Sum Separation PAR Package
 - A Guide for Avoiding Common Errors: Lump Sum Documentation and Processing
 - Lump Sum Worksheet
 - Lump Sum Pre-Tax 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 \(PPM\)](#)
- [ConnectHR Document Directory and Contact Information](#)

Online Support for Separating Employees

- [Civil Service State Employee Guide to Retirement](#)
- [Savings Plus Lump Sum Separation Pay Contribution Election Form](#)
- [Savings Plus Resource Center](#)

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 the State Controller's Office (SCO).
 - For the 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 coversheet and on the PAR Line 10.

- Correcting a PAR: Before submitting a corrected PAR, call the Statewide Customer Contact Center (SCCC) at (916) 372-7200, select # 2 for Civil Service, and then #2 for Civil Service Audits.

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.
- Contributions deposited into a Savings Plus account: Per California Labor Codes 201 and 202, contributions must be deposited into an EE's Savings Plus account within two and one-half months after the date of separation. (Note: Savings Plus contributions will post into an employee's account mid-month or end-of-month.)

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. The employee's CalPERS retirement date must be on or after November 2, 2023 (note: the official retirement date is one day after the separation effective date); employees with a CalPERS retirement date before November 2, 2023, do not qualify to defer into the 2024 tax year. (See: [A Guide to Completing Your CalPERS Service Retirement Election Application](#), p 6; [CalHR Manual Section 1802](#))
- If cash is deferred to the next tax year, it must be tendered by February 1, 2024.

Questions, Concerns, and Avoiding Errors

To help avoid missing important deadlines or making common mistakes that may increase processing time, it is recommended that agencies use the Lump Sum Toolkit along with relevant manuals and training documents.

- PPOB will notify the department of how to address PAR errors. Notification will be through an emailed CS Audits Ding Notice, emailed Lump Sum Package Update Notice, or phone call. Emails will be sent to departmental universal mailboxes. If PPOB does not receive a response within 48 business hours (excluding weekends and holidays), the PAR package will be cancelled. For example, if PPOB contacts the department (via their universal email address) on Friday and does not receive a response by Tuesday COB, PPOB will cancel the separation request. PPOB will notify the department of this action via email sent to the department's universal email address.
- Do not send a duplicate or inquiry PAR, as this may significantly impact the time it takes for SCO to process the transaction. (See the FAQ in the Lump Sum Toolkit for steps to check the status of a lump sum separation PAR package.)
- You will receive a confirmation email upon submitting the PAR package using ConnectHR (be sure to select the CS Audits - Separation PAR Package (Lump Sum) dropdown menu item when submitting the package – see below). If you do not receive an email confirming submission of

the PAR package, contact ConnectHR at connecthrhelp@sco.ca.gov.

- For questions related to PAR documentation and processing, contact the [SCCC](#) at (916) 372-7200, select #2 for Civil Service, and then #2 for Civil Service Audits.
- For payroll-related questions, contact the [SCCC](#) at (916) 372-7200, select #2 for Civil Service, then #4 for Payroll, and then #1 for General Payroll Questions.
- For questions related to ConnectHR and submitting documents, see ConnectHR Upload Files External Process (CS) located in ConnectHR’s resource section on the Help and Feedback page.

Dates and Guidelines for Submitting All Required Documents to SCO

- Lump sum PARs are submitted as a “package,” which consists of the coversheet, PAR, Election Form, and 457(b) Traditional Catch-Up Approval Letter (if applicable). (Do not include any other documents.)
- Include only one SSN per PAR package.
- 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 adequate time to process incoming separations. PAR packages received by SCO after the dates specified could result in charges assessed by CalHR to the department (as stated in [section 1802 of the CalHR Manual](#)) and/or a corrected W-2 for the 2023 tax year.

Separation Month	1st PAR must be received at SCO by...	2nd PAR must be received at SCO between the following dates:
October 2023	As early as possible	N/A
November 2023	12/8/23	12/11/23 to 12/22/23
December 2023	12/8/23	12/28/23 to 1/12/24

- Refer to the [weekly processing dates](#) on the SCO website to monitor the dates of PAR packages currently being processed.
- **ConnectHR Upload Requirements**
 - In the ConnectHR drop-down menu, select **CS Audits - Separation PAR Package (Lump Sum)**.
 - Upload one PAR package per SSN – do not combine PAR packages in an upload.
 - A PAR package includes:**
 - Coversheet (required)
 - PAR (required)
 - Election Form (required)
 - 457(b) Traditional Catch-Up Approval Letter (if applicable)
 - Therefore, for one PAR package you will complete only one upload using ConnectHR, and that one upload will include all PAR package items listed above.
 - You will receive a confirmation email upon submitting the PAR package using ConnectHR. If you do not receive an email confirming submission of the PAR package, contact ConnectHR at connecthrhelp@sco.ca.gov.

- **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 your supervisor when documenting a lump sum separation.
 - Provide the necessary information to your employees as early as possible, as this will help them make a thoughtful decision regarding their options before submitting documents.
 - SCO has prepared for employees the Civil Service State Employee Guide to Retirement, and the Savings Plus website includes a Resource Center to help employees with items that they should consider when retiring.

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

- For questions related to PARs, select #2 for Civil Service, and then #2 for Civil Service Audits.
- For payroll-related questions, select #2 for Civil Service, then #4 for Payroll, and then #1 for General Payroll Questions.

Additional Contact Information:

- Affordable Care Act (ACA) Email ACASupport@sco.ca.gov
- [Cal Employee Connect \(CEC\) - Help and Feedback](#)
- [ConnectHR - Help and Feedback](#)
- California Leave Accounting System (CLAS) Email CLAS@sco.ca.gov
- CS Escalation Email (HR Supervisors and Managers) PPSDOps@sco.ca.gov
- Decentralized Security Administration (DSA) & ViewDirect Access (916) 619-7234 or DSA@sco.ca.gov
- HR Suggestions Email (All HR Staff) PPSDHRSuggestions@sco.ca.gov
- Management Information Retrieval System (MIRS) Email PPSDMIRS@sco.ca.gov
- [Statewide Customer Contact Center](#) (916) 372-7200

SCO Key Initiatives:

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

Websites:

- [HR](#)
- [State Employees](#)

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