

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

DATE: August 24, 2011

PAYROLL LETTER #11-014
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Lisa Crowe, Chief
Personnel/Payroll Services Division

RE: SEPARATION PROCESS WITH LUMP SUM DEFERRAL

At the end of 2010, Personnel/Payroll Operations experienced a spike in workload due to an unprecedented number of retirements where lump sum amounts were being deferred to the Savings Plus Program (SPP). We expect a similar increase in workload this year and therefore are implementing some changes to assist you in preparing the PAR/PPT.

- SCO is offering training on the documentation of the PAR and calculation of lump sum deferral upon separation. A class description is on the Statewide Training website and registration information will be sent, via a training information e-mail, as additional classes are scheduled.
- You will find a check list to help you prepare the necessary documents and fill out the PAR/PPT correctly at http://www.sco.ca.gov/Files-PPSD/Separation_Check_List.pdf
- There is a new lump sum calculator which can be found at https://www.sco.ca.gov/Files-PPSD/pretax_lump_sum_calculator.xlsm. This calculator will assist you in calculating the amount of money that is available to be deferred. Please print and attach the result you are documenting on the PAR. Although results may vary, printing and providing the results will greatly assist Operations in processing these requests
- There is a calculator on DPA's website at <http://eservices.dpa.ca.gov/LumpSum/> that will assist you in calculating and running out leave time when someone separates from state service. There is also a checklist that you can provide employees to help them with things they should consider when retiring, [Savings Plus Retirement Checklist](#).
- For those employees who wish to defer some portion of their lump sum to SPP in the current year, you **must submit** both the separation PAR/PPT **and** supporting document(s), Request to Transfer Lump-Sum Separation Pay Application. This form can be found on the SPP web site, [Request To Transfer Lump Sum Separation Pay Booklet](#). Documents can be submitted as early as the month prior to retirement, after Master Payroll Cutoff. **Please submit documents as early as possible.**

- For employees who are participating in the SPP “Catch-Up” program you must submit the approved “**Catch Up Calculation Worksheet**” with the PAR and the Request to Transfer Lump-Sum Separation Pay Application. Please advise employees to complete the Traditional Catch-Up Application and submit it directly to SPP. For more information visit the SPP website. The Traditional Catch-Up Application can be found at [Traditional Catch Up Booklet](#).
- For Agencies/Campuses located in the Sacramento area it will help with processing if you hand- carry your PAR/PPT and supporting documents to SCO. A drop box window is located at 300 Capitol Mall, 9th floor. This window is not attended but documents are retrieved twice daily.
- Agencies/Campuses outside of Sacramento may FAX the PAR/PPT and supporting documents to our office, but please be careful that the SPP or tax sheltered annuity information on item 10 remarks are clear. Do not reduce the size of the original document or the data will be too small to read. It is helpful if item 10 remarks are also on the FAX cover sheet. Please do not call to verify that your FAX was received. Include your name and complete telephone number, including extension, on the fax cover page so we can contact you if we have questions. It is helpful if you provide an alternate contact as well. FAX documents to the following number: (916) 322-8137.

Things to remember:

It is a critical requirement to cancel direct deposit for all separating employees. This requirement allows you to submit documents to SCO early, allowing you time to process the requested action through the employment history and payroll systems and also, leaving you time to review and verify the payments issued/deductions withheld. You may then hold the warrant until the employee’s final day at which time you should release the payment to the employee. This also provides for a much quicker turnaround time if corrections to a payment are necessary.

The PLP 2010 EID must remain on the separation transaction. Complete Item 962 on the separation PAR to pay the lump sum time at the unreduced rate. Item 962 must match item 620 on the PAR.

Some PAR transactions can be corrected over the phone if the PAR has not been keyed yet. Items 215, 210, 606, 620, 625,630, 635, 636, 962, and line item 10 can all be corrected by calling the Personnel Liaison (916-322-6500) as long as the PAR has not been keyed.

We request that you submit the PAR/PPT and supporting documents right after Master Payroll Cutoff of the month prior to retirement. For example, employee is retiring December 30th so the last full month is November. PAR/PPT and supporting documents should be submitted the day after November Master Payroll Cutoff.

Please be aware that only under very limited circumstances will Operations consider reprocessing a separation to change a deferral amount. Reprocessing will not be done from the 4th quarter of the current year through the 1st quarter of the following year if what was originally requested by the employee has been processed correctly. Please be sure your employees are informed and make a thoughtful decision regarding their options before submitting documents.

You will also find information on the SCO's web site regarding year end separations [Year End Separation Handbook](#). In this handbook, you will find information that will assist you in documenting the PAR, lump sum calculation process and a variety of PAR samples.

For assistance with payroll related issues, please contact the appropriate liaison, Civil Service Payroll Liaison (916) 323-3081 or CSU Payroll Liaison (916) 322-7980 and Personnel Liaison (916) 322-6500.

LC:DS:PPOB