STATE OF CALIFORNIA   BETTY T. YEE
                                                          California State Controller

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

DATE: September 19, 2018   PAYROLL LETTER #18-018

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Marissa Revelino, Chief
        Personnel and Payroll Services Division

RE: **SEPARATION PROCESS WITH LUMP SUM DEFERRAL**

As the end of 2018 quickly approaches, the Personnel/Payroll Operations Bureau (PPOB) would like to remind agencies/campuses of the procedures and tools available to prepare the separation PAR/PPT and supporting documentation.

- The Savings Plus Lump Sum Separation Pay Deferral Election Form (Election Form) states the employee must submit the form to their personnel office at least five working days prior to the employee's separation effective date [refer to the CalHR Manual, California Labor Code (CLC) 201(b) and (c); and CLC 202(b) and (c)]. Please be advised submitting the Election Form five work days prior to separation should be interpreted as Monday through Friday, excluding Saturdays, Sundays, and legal holidays. The State Controller's Office (SCO) and CalHR recommend agencies/campuses date stamp documents when received. Additionally, agencies/campuses should encourage employees to submit the necessary documentation 30 days in advance to allow time to verify calculations to lump sum and prepare the PAR/PPT. PPOB will cancel and return any PAR/PPT packages when the employee documentation does not meet the five day requirement.
- PPOB must receive the PAR/PPT no later than December 14, 2018 to ensure amounts being deferred into Savings Plus process timely for the 2018 tax year. For employees deferring into the 2019 tax year, PPOB must receive the second PAR/PPT no later than January 11, 2019 to ensure a Savings Plus account posting date of February 1, 2019. **Deferral amounts processed after these dates may result in charges assessed by CalHR to the agency/campus as stated in** PML 2011-042.
- Agencies/Campuses can key a S70 separation transaction completing Item 606 only to ensure regular pay issues timely. Subsequently, agencies/campuses need to submit a corrected PAR/PPT with supporting documentation to PPOB for lump sum deferral processing.
- For those employees deferring into the next tax year, agencies/campuses **must** indicate a separation effective date between November 1, 2018 and December 31, 2018 on the PAR/PPT. The employee's CalPERS retirement date must be November 2, 2018 or later. Employees with a CalPERS retirement date **before** November 2, 2018, **do not** qualify to defer into the 2019 tax year.
- PPOB recommends mailing the PAR/PPT as early as possible. However, agencies/campuses located in the Sacramento area can hand-carry the PAR/PPT and supporting documents to PPOB. The receptionist window is located on the 10th Floor at 300 Capitol Mall. Please provide a contact name, complete telephone number including extension, and an alternate contact on the PAR/PPT so that we may contact you or the alternate contact as needed. Please refer to the weekly processing dates on the SCO website to monitor processing times. **Please do not call to verify that PPOB received your PAR/PPT package**.
- Agencies/Campuses outside of the Sacramento area can fax one copy of the PAR/PPT and supporting documents to PPOB. Include item 10 remarks on the fax cover sheet and do not reduce the size of the

original documents, as data may be too small to read. **Please do not call to verify that PPOB received your fax**. Include an agency/campus contact name, complete telephone number including extension and **identify an alternate contact** on the fax cover page. PPOB will communicate with the agency/campus contact or the alternate contact as needed. Fax the documents to (916) 322-8137.

- PPOB will attempt to contact the agency/campus contact or alternate contact regarding PAR/PPT errors. However, if PPOB does not receive a response by close of business (COB) the following working day, the PAR/PPT will be cancelled and returned. For example, if PPOB leaves a voicemail message on Friday and does not receive a response from the agency by Monday COB, PPOB will cancel the PAR/PPT and return it to the agency/campus contact.
- CalHR's website provides a [Lump Sum Calculator](#) to assist agencies/campuses in calculating and running out leave time for employees separating from state service. The SCO website also provides [Lump Sum Calculators](#) to aid in determining the maximum deferral amount available for a partial or full month.
- PPOB would also like to remind agencies/campuses to zero out balances on the California Leave Accounting System (CLAS), to accurately reflect the separated employee's leave balances.
- Agencies/Campuses should cancel direct deposit for all separating employees or PPOB will administratively cancel direct deposit. This enables the agency/campus to submit documents to PPOB early, allowing time to process the requested action through the employment history and payroll systems. This will also leave the agency/campus time to review and verify the payments issued correctly and the deferral amounts were withheld. The agency/campus may then hold the warrant(s) until the employee's final day to release the payment(s) to the employee. Following these guidelines allows for a much quicker turnaround for corrections, if necessary.
- **If PPOB correctly processed the document as requested by the employee, we will not reprocess the documents. Please provide the appropriate information to your employees to ensure they make a thoughtful decision regarding their options before submitting documents. Savings Plus provides a** [checklist and tools](#) **to help employees with items they should consider when retiring**.

Please refer to the SCO Statewide Customer Contact Center at (916) 372-7200 for further assistance. For questions related to PAR/PPTs please contact the liaisons for Civil Service (CS) or CSU Personnel. For assistance with payroll or deferred compensation please contact the liaisons for CS or CSU Payroll. Please refer to the [Call Tree](#) on the SCO website to aid in directing your call to the appropriate area.

MR:RM:PPOB