

## HR Lump Sum FAQ's

Q. When does a separating employee need to submit the Savings Plus Lump Sum Separation Pay Deferral Election Form to their Human Resources (HR) Office?

A. Per California Labor Code (CLC), 201 (b) and (c); and CLC 202 (b) and (c), separating employees must sign, date, and submit the Savings Plus Lump Sum Separation Pay Deferral Election Form to the department 5 working days prior to the separation effective date. SCO and CalHR recommend the agencies/campuses encourage employees to submit necessary documentation 30 days before the separation effective date to allow time for verification of calculations and for the department/campus to prepare the appropriate documentation.

Q. Does the "5 working day rule" apply to S71 separations?

A. Yes. The employee must notify the department 5 working days prior to the separation effective date, regardless of the type of separation. This includes S71 and S95 transactions. The Savings Plus Lump Sum Separation Pay Deferral Election Form must be signed, dated, and submitted prior to passing and/or 5 working days prior to the separation. The beneficiary of the employee cannot transfer the deceased employee's lump sum into the Savings Plus Account.

Q. I have an employee that would like to defer their lump sum into two tax years, what does the separation date need to be?

A. The separation date on the PAR must be between November 1<sup>st</sup> and December 31<sup>st</sup>. The employee's CalPERS retirement date should be November 2<sup>nd</sup> or later.

Q. My employee wanted to defer their lump sum into two tax years, when do I send over the second PAR to SCO?

A. The second PAR can be sent over to SCO after the payments have issued from the first PAR, but no later than the January Master Personnel Cut-Off date.

Q. I sent over a separation PAR to SCO and now I have a correction to make on it. Do I send over a corrected PAR to have the corrections made?

A. If the PAR has not been processed by SCO some PAR items can be changed over the phone. PAR Items 215, 210, 603, 606, 607, 620, 625, 630, 635, 636, 710, 888, 962 and line item 10 can all be corrected by calling the Statewide Customer Contact Center, at (916) 372-7200, select # 2 Statewide Civil Service Program, then # 1 Personnel.

Q. I see the pay issued on "Pay Hist" for the PAR I submitted over to SCO. The transaction is still not keyed on PIMS. Do I need to return the pay that issued since the transaction is not on PIMS?

A. No. Please do not return the warrant that issued. The transaction you requested should be on "PIMS" in a few days.

Q. Do I have to cancel direct deposit on separation PARs?

A. 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, and leaving the agency/campus time to review and verify the payments issued correctly and

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the deductions 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 will allow for a much quicker turnaround for corrections, if necessary.

Q. When do I need to complete time in Item 625 on the PAR?

A. For employees deferring into two tax years:

- On the original separation PAR/PPT, or corrected separation PAR/PPT if S70 already processed, Item 620 should show vacation/annual leave needed to cover the amount deferred to Savings Plus for the 2017 tax year only.
- Use Item 625 only after exhausting Item 620 and the employee requires using extra time, such as CTO, Holiday Pay, etc. to cover the requested deferral amount.
  - Item 10 should include "All time on line Item 620 has been exhausted."
- Ensure that Item 10 remarks also clearly states the Savings Plus, Savings Plus Roth, and/or Tax Shelter Annuity, 403(b), information for 2017 tax year. This PAR/PPT must be submitted no later than December 15, 2017.
- Submit the 2<sup>nd</sup> tax year PAR/PPT, or corrected separation PAR/PPT if S70 already processed, between January 1, 2018 and January 12, 2018 to ensure the 2018 deferral amount posts to the Savings Plus account(s) by February 1, 2018.
  - Item 620 should show the total vacation/annual leave time and Item 625 should show the total extra time on the PAR/PPT being submitted for the 2018 tax year.
- Ensure that Item 10 remarks clearly states the Savings Plus, Savings Plus Roth, and/or Tax Shelter Annuity, 403(b) information separately for both 2017 and 2018 tax years, if applicable.

For employees deferring only in the current year:

- On the original separation PAR/PPT, or corrected separation PAR/PPT if S70 already processed, Item 620 and/or Item 625 (if applicable) should reflect all available leave time.