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Lump Sum Separation Peak Workload Season Approaching

Fall marks the beginning of the lump sum separation pay peak workload season. Retiring in November or December gives employees the option to defer accrued leave time into two tax years, as well as to maximize contributions to Savings Plus accounts. Here are some tips to help you and your employees prepare.

- 1. Savings Plus Lump Sum Separation Pay Contribution Election Form:** The [Savings Plus Lump Sum Separation Pay Contribution Election Form](#) must be signed, dated, and officially submitted by the employee at least five business days prior to the effective date of separation.
Tip: 30-Day Rule of Thumb – Personnel specialists should encourage employees to submit necessary documentation at least 30 days prior to their separation date to allow time to address questions, verify calculations of the lump sum, and prepare the Personnel Action Request (PAR).
- 2. Year-to-Date Accrued Leave and Leave Accrual Payout:** Provide employees making separation pay decisions with the following items five to six weeks prior to separation:
 - The links to the [Savings Plus Lump Sum Separation Pay Contribution Election Form](#) and the [Savings Plus Program](#);
 - A printout or PDF of the employee's dated leave balance [obtained in Leave Accounting System (LAS) - or your departmental leave system], or log-in steps for [Cal Employee Connect](#).
Tip: Provide the employee an estimate of their lump sum leave accrual payout amount available at separation, to help the employee decide how much to cash out or contribute to a Savings Plus account.
 - A printout or PDF of the employee's dated year-to-date Savings Plus contributions obtained in Year-To-Date Inquiry (TAXI);
Tip: Be sure to delete or redact the Social Security number on each page before giving to the employee.

3. **Training Courses for Personnel Specialists:** SCO's provides eLearning courses on topics for personnel specialists including processing lump sum separation pay. Personnel specialists can learn the process over eight modules. This course should be used along with relevant manuals and training documents. **Tip:** Module 3 includes how to calculate an employee's leave accrual payout.
4. **Tips for Personnel Specialists Communicating With Employees:** Savings Plus provides opportunities for employees to better understand retirement planning and lump sum separation pay. Consider including this information in email communications with employees:
 - a. Savings Plus offers webinars for employees on retirement planning topics including: Lump Sum Separation and 457(b) Catch-Up, Enrolling in Savings Plus, and Nearing Retirement.
 - b. Employees may schedule an appointment with a retirement specialist to help:
 - i. Complete the Savings Plus Lump Sum Separation Pay Contribution Election Form;
 - ii. Open a Savings Plus account;
 - iii. Better understand retirement preparation; and
 - iv. Become acquainted with investment choices.
 - c. Employees may access tools and calculators for help with planning retirement and managing their Savings Plus account.

Lump Sum Separation Pay PAR Documentation Tips

After using the Lump Sum Worksheet and determining an employee's accrued leave balance exceeds 99 days:

- **Items 620 & 625:** If the total lump sum vacation and/or lump sum extra time to be paid is greater than 99 days, enter 99 in the lump sum 'days' field and convert the remaining days beyond 99 into hours.
- **Item 620:** If an employee has more than 99 days and 999 hours [vacation, annual leave, Personal Leave Program (PLP)] – Item 620 should reflect 99 days and 999 hours, and Item 215 must reflect total vacation, annual leave, and PLP time.

If the employee is deferring any leave balance into the next tax year:

- **On the 1st PAR (first tax year),** complete Item 620 (lump sum vacation) with time needed to process the employee's request for the first tax year. Note: Complete Item 625 (lump sum extra) only after all time in Item 620 is used and more time is needed to cover the employee's request.
- **On the 2nd PAR (second tax year),** enter the grand total accrued leave in Items 620 and 625 (this total reflects what is to be paid out across both tax years).

If the employee is not deferring any leave balance into the next tax year, enter in Items 620 and 625 the grand total accrued leave.

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