PER-46 Separation Action Retirement Reason

Purpose

The purpose of this job aid is to explain the steps to be taken when an employee files for retirement.

Introduction and Overview

Process the employee’s Separation Action for Retirement Reason 60 days prior to the retirement health plan effective date in order for the active health plan to be terminated.

Separation Action – Retirement Reason

HR should complete retirement actions 30-45 days prior to the retirement effective date.

Important: Employees must tell the agency at least 60 days prior to their retirement date.

If an employee plans an August 1st retirement date then the following needs to occur:

- Employee needs to inform their Agency by June 1st .
- The Retirement Action must be completed by July 1st.
- The Retirement Date is August 1st.
- Retirement Health Plan Effective date is September 1st.

Vacation Payouts

The agency can choose when to payout the vacation/bonus leaves--either the last active payroll or the payroll following the retirement.

In the example dates above, July is the last active payroll for a monthly employee. If the IT0416 payouts are entered before the July payroll is finalized, the payment will occur in July.

If they are processed after the Integrated HR/Payroll System finalizes the July payroll, the payouts will be paid to the employee in August.

Information: The effective date of the IT0416 record must be when the employee is active.

Retirement on 1/1/20XX

If an employee retires effective January 1st, additional steps are needed to account for any excess vacation leave over 240 (parttime employees need to be prorated). This is required because the employee’s last day is 12/31/20XX and the system rollover for vacation to sick leave takes place on 1/1/XXXX when the employee is no longer active.

See the steps below for an employee who has excess vacation leave on 12/31/20XX and a retirement action with a January 1st retirement date.

The employee has 308.88 hours of vacation leave on January 1, 20XX

- Retirement effective date 1/1/20XX
- Create an IT416 to payout 240 hours of vacation leave with an effective date 12/31/20XX
- Create an IT2013 reducing vacation leave by 68.88 hours with an effective date 12/31/20XX
- Create another IT2013 increasing sick leave by 68.88 hours with an effective date 12/31/20XX

Longevity

A prorated longevity payment will be made in the July payroll since the retirement action is completed prior to the July payroll.

One-time Deferrals

If the vacation payouts are processed after the last active payroll, employees wishing to defer their longevity pay and their leave payouts to their 401K/457 Savings plans will need to submit two one-time deferral forms:

- one form for the longevity pay in July, and
- one form for the leave payout in August.

If the payouts are paid in the last active payroll, only a single one-time deferral form is required.

Rescinding a Retirement Action

If an employee does not retire on the date entered, the action will need to be deleted. Agencies need to follow the established process for deleting actions. If longevity was paid, this payment will be recouped in the next payroll and the employee will receive their longevity in their regular schedule anniversary month.

The employee’s health plan and other benefit plans will need to be reinstated as an active employee.

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