Separation of Employment (Termination)

Timing of Payment for Terminating Employees

Separation actions are used for employees leaving the university due to a voluntary or involuntary termination. Separation (termination) actions must be completed in a timely fashion and must comply with State Fiscal Rule 9-3, .01 [1].

For most terminating employees, all final pay including salary, overtime, payment for all appropriate leave balances and any other appropriate additional payments will be included on their final regular pay date. If this is not possible, departments should process all final pay items in Time Collection no later than the month following termination.

Employees who are terminated involuntarily and are working in Colorado are entitled to receive their final payment no later than twenty-four hours after the start of the Payroll Departments next regularly scheduled workday. To meet this requirement, departments must notify Employee Services before the involuntary termination so there is sufficient time to process the final pay. Processing may be delayed if HRMS is not available. See our Termination for Cause [2] page for additional information.

The department is responsible for entering a separation action in HRMS for any job record that the employee is leaving. This action should be entered **before the campus appointment approval deadline**. If the department does not enter the termination for the employee during the pay period in which they left - it may result in an overpayment. Some employees have an appointment end date in the Job Data, Work Location panel. For these employee, HRMS will terminate them during payroll processing, using the automatic termination process. For detailed information regarding this process, see ourAuto-Termination Process[3] page.

Employees with more than one university job

Only those jobs in which the employee is actively working should show an active status in the job records. All jobs from which the employee has separated (terminated) should show a terminated status in the job records; if they do not, benefits (if benefits eligible) and charges will be assessed to the employee and the department (i.e., the employee *and* the department are responsible for payment of premiums).

For an individual to be separated (terminated) from ALL university employment, ALL employee (job) records must be in a terminated status. If they are not, the employee and the

department are responsible for payment of any premiums. Once a benefits-eligible employee is terminated from their job record(s) benefits will cease as well as access to university offices, computing systems, and resources and programs.

To avoid having an employee's job records automatically terminated, enter information on that job record to reappoint the employee (extend the appointment end date), or by place the job record on either a Short Work Break (SWB) or Leave of Absence (LOA or LWOP) status. **NOTE:** The employee's department must take one of these actions to avoid having that employee's job record(s) terminated by the system. Placing an employee on leave of absence may require management approval. Check with your dean/director for specific policies.

Note: *Place an employee on SWB if the department knows that the employee is going to return to active employment in that job, and IF the employee is eligible to receive benefits (paid by the employee and the department) while on SWB.*

Employment Data Page Information

If the employee has been terminated and is rehired later, HRMS resets the termination date and last date worked fields on the employment data page to blank, and enters a rehire date. Employment data pages are not effective dated; they only have one row of data and cannot store history. If you have terminated this employee more than once, you will see only the last occurrence of the termination.

It also means that if you rehire an employee and enter a future effective date, the system clears out the termination date and last date worked on the employment data page and you will not see the latest termination information.

Note: *Job history is not lost, just unavailable on the employment data page. To see job history, go to all other pages within the job data component.*

Entering Termination Data

Terminations in the HRMS are processed using one screen (Work Location), which is used to record the effective date, action and reason for the termination. **The effective date of termination will be the first day the employee is no longer working for the university (aka, the day after the last day worked). If termination is due to the death of an employee, the effective date of the termination is the day after the employee?s date of death.**

Employment data pages are updated as a result of entering a termination. If the termination reason is recorded as "death," the eligibility/identity page will also be updated with the actual date of death.

Note: For employees participating in CU benefit plans, your coverage will end on the last day of the month in which your employment is terminated. Coverage will be billed for the entire month and no partial month termination or pro-rating of premiums may occur. Deductions and benefit charges are taken from an employee's pay at the end of the month in which coverage is received. Final deductions/contributions will be taken on the employee's final paycheck to cover the final month worked. This cannot be waived or refunded.

Vacation/Sick Leave Payout?Classified Staff

Vacation Payout

Regular, full-time appointed state classified employees accrue vacation at the following rates, based on years of state service. See State of Colorado Personnel Board Rules and Personnel Director?s Administrative Procedures [4], chapter 5, section 5-7 for the applicable year.

Employees with a vacation leave balance as of their date of termination will be paid for the total accrued hours, but only up to the eligible maximum balance.

Hours exceeding the maximum allowed balance cannot be paid at termination. Maximum allowed vacation balance for state classified employees is usually two years worth of accruals. For example, if your accrual rate is 10 hours per month, your maximum eligible balance for payout is 240 hours.

For the employee's final regularly scheduled system-generated check, the employing department enters the number of hours in Time Collection using the earnings code of VCT (Vacation @ Separation). Federal and state taxes are withheld at the supplemental tax rate. Medicare tax, if applicable, and PERA retirement will be deducted.

- Time Collection will calculate the value of the vacation leave payout using the annualized hourly rate (for 100 percent employees, annual salary divided by 2,080 hours) for the employee's appointment, multiplied by the hours entered. In HRMS, this pay rate is shown on the compensation page in job data.
- If the vacation payout (up to the maximum balance allowed) is not included on the employee's final regularly scheduled check, it must be processed via Time Collection no later than the month following termination. If the termination is involuntary all final pay must be requested by submitting a Hand-Drawn Warrant Request Form [5].
- **Important Exception For Termination Due to Death:** For termination due to death, do not pay any vacation payout via Time Collection. The payment must be requested by submitting a Hand-Drawn Warrant Request Form to Employee Services. These payments require special steps to process and needs to be taken care of by an Employee Services Payroll team member.

Sick Leave Payout for Classified Staff

Employees who terminate from the university and meet PERA age-and-service requirements for a full or reduced retirement (regular service retirement or permanent disability retirement) are eligible for a partial payout of unused sick leave when they resign, retire or terminate from the university.

PERA is responsible for determining retirement eligibility. The maximum allowed payout for sick is 25 percent of the unused current balance up to the maximum eligible sick balance. For state classified employees hired July 1, 1988, or later, the maximum eligible sick leave balance allowed is 360 hours (45 days).

For employees who had a frozen sick balance on June 30, 1988, the maximum accrual may be higher than 360 hours (it will equal 360, plus the frozen sick balance). Twenty-five percent of the employee's remaining balance (up to his/her maximum allowed) at termination will be

paid out.

The department must ensure eligibility before processing the payout.

No payment of sick leave may occur unless age and service requirements for retirement eligibility are met. (Exception: In the event of an employee's death, the retirement eligibility requirement is waived.)

Important Reminder: When submitting sick leave at separation (SKS), remember that you must do the calculation to determine the 25 percent of total balance. If you submit the employee's total sick balance, he/she will be grossly overpaid and will be required to repay the overpaid amount.

Payout calculation (excluding termination due to death)

For the employee's final, regularly scheduled, system-generated check, the employing department enters the calculated 25 percent of eligible hours in Time Collection using earnings code SKS (sick leave hours at separation). Federal and state taxes are withheld at the supplemental tax rate. Medicare tax will be deducted, if applicable. No retirement is deducted.

- Time Collection will calculate the value of the sick leave payout using the annualized hourly rate for the employee's appointment (the annual salary, divided by 2,080 hours), multiplied by the hours entered. Note that for employees with less than 100 percent of time this same annualized hourly rate will be used, since the hours were already prorated based on the lower percent of time as they accrued.
- If the one-fourth sick leave payout (subject to the maximum eligible sick balance for the employee) is not included on the employee's final check, it must be processed via Time Collection no later than the month following termination.
- **Important exception for termination due to death:** For termination due to death, do not pay any sick payout via Time Collection. The payment must be requested by submitting a Hand-Drawn Warrant Request [5] to Employee Services. These payments require special steps to process and needs to be taken care of by an Employee Services Payroll team member.

Vacation/Sick Leave Payout?University Staff/Officers, 12-Month Faculty & Research Faculty

For this section only, these employment categories will be referred to as "University Staff."

Vacation Payout

Employees with a vacation leave balance as of their date of retirement or termination are to be paid for the total accrued hours, but only up to the eligible maximum balance. Hours exceeding the maximum allowed balance cannot be paid at termination. The maximum allowed payout for vacation at termination/retirement is the employee's current unused balance, up to a maximum of 352 hours (14.67 hours per month, times 24 months).

Employees should check with their campus leave bank manager to determine whether excess

hours may be donated to the leave bank before payout. (**Note:** Some campus departments may have a reduced maximum accrual provision. Please check with your department chair, dean or director.)

For the employee's final, regularly scheduled, system-generated check, the employing department enters the number of hours to be paid into Time Collection (see exception listed below) using the earnings code of VCT (Vacation @ Separation). Federal and state taxes are withheld at the supplemental tax rate. This payment is also subject to retirement, OASDI, and Medicare tax as applicable.

- A university staff employee who transfers to an academic-year appointment is eligible for payment of unused vacation leave at the time of termination from the exempt appointment, subject to the maximum limits above.
- Time Collection will calculate the value of the vacation leave payout using the annualized hourly rate for the employee's appointment, multiplied by the hours entered. For 100 percent employees, the annualized hourly rate will be the annual salary, divided by 2,080 hours. This pay rate is shown in HRMS on the job data compensation panel.
- If the vacation payout (up to the maximum balance allowed) is not included on the employee's final check, it must be processed via Time Collection no later than the month following termination. If the termination is involuntary all final pay must be requested by submitting a Hand-Drawn Warrant Request [5].
- **Important Exception for Termination Due to Death:** For termination due to death, do not payout any vacation via Time Collection. The payment must be requested by submitting a Hand-Drawn Warrant Request [5] to Employee Services. These payments require special steps to process and needs to be taken care of by an Employee Services Payroll team member.

Sick Leave Payout for University Staff

Based on the criteria for their respective retirement plans (CU faculty/university staff Optional Retirement Plan or PERA), employees who meet age-and-service requirements for a full or reduced retirement are eligible for a payout of unused sick leave when they resign, retire or terminate from the university. (For university staff retiring under PERA, PERA age-and-service requirements will apply.)

The maximum allowed payout for sick is one-fourth of the unused current balance, up to a maximum of 240 hours payable (one-quarter of the 960 hours/120 days maximum hours allowed). See Regent Policy 11-E [6] for more information.

No payment of sick leave may occur unless age-and-service requirements for retirement eligibility are met. (Exception: In the event of an employee's death, the retirement eligibility requirement is waived, and the employee's estate may be paid for one-fourth of the unused sick balance, up to a maximum of 960 hours [120 days].

FROZEN SICK LEAVE BALANCES: Regents Policy 11-E has capped the amount of sick leave to 25 percent at the time of retirement or an employee's death, with a maximum is 960 hours (120 days). The grandfather clause states:

Employees whose unused sick leave was in excess of 120 days on May 2, 2001, are eligible to receive payment for 25% of that sick leave balance or any unused portion of the balance when they terminate, if they meet the age and service requirements for retirement (or upon death).

To track employees who had a sick leave balance greater than 960 hours (120 days) as of May 1, 2001, Employee Services has created a Frozen Sick Leave balance. This balance is informational only and will assist in determining the sick leave payoff at retirement or death of an employee.

The frozen sick leave balances will appear on the July payroll register accounting report with an earnings code of FZS (frozen sick leave). Although the FZS earnings code does have a dollar amount associated with it, that amount will not be paid to the employee. The dollar amount reflects the estimated potential value of the frozen sick leave hours based on the employee's current salary.

- Dr. Smith had 1,500 hours of sick accrued as of May 1, 2001. In August 2006, he retired with a sick balance of 1,600 hours. The sick leave at retirement payout would be 25 percent of 1,500, not 1,600. He received 25 of the balance available to him on May 1, 2001.
- Dr. Jones had 900 hours of sick accrued as of May 1, 2001. By the time he retired in August 2006, his balance was 1,000 hours. His sick leave at retirement payout was 25 percent of 960 hours, since that is the maximum that may be paid when the employee had fewer than 960 hours of accrual as of May 1, 2001.
- Dr. Davis had 1,000 hours of sick accrued as of May 1, 2001. Over the next few years, he used a large number of sick leave hours, and his balance was 700 hours at retirement. His sick leave payout at retirement was 25 percent of 700 hours.

Important Reminder: When submitting sick leave at separation (SKS), remember that you must do the calculation to determine the 25 percent of total balance. If you submit the employee's total sick balance, he/she will be grossly overpaid and will be required to repay the overpaid amount.

For the final pay period, the employing department enters the calculated 25 percent of eligible hours in Time Collection (see exception below) using earnings code SKS (sick leave hours at separation). Federal and state taxes are withheld at the supplemental tax rate. OASDI and Medicare tax will be deducted, if applicable. No retirement is deducted.

- A 12-month employee who transfers to an academic-year appointment is eligible for payment of unused sick leave (payment limits as indicated above) at the time he/she terminates his/her 12-month appointment, but only if age and service requirements for retirement eligibility are met at the time of the transfer.
- Time Collection will calculate the value of the sick leave payout using the annualized hourly rate (annual salary based on a 100 percent time appointment, divided by 2,080 hours) for the employee's appointment multiplied by the hours entered.
- If the sick leave payout (up to the maximum balance allowed) is not included on the employee's final check, it must be processed via Time Collection no later than the month following termination.
- **Important Exception for Termination Due to Death:** For termination due to death, do not pay any sick payout via Time Collection. The payment must be requested by

submitting a Hand-Drawn Warrant Request Form [5] to Employee Services. These payments require special steps to process and needs to be taken care of by an Employee Services Payroll team member.

Please refer to the university policy [6] for additional information.

Attachments:
Video:
Images:
Groups audience:
Employee Services

Source URL: http://www.cu.edu/employee-services/separation-employment-termination

Links:
[1] https://www.colorado.gov/pacific/sites/default/files/Chapter%209%20Payroll.pdf
[2] http://www.cu.edu/employee-services/business-partners-ppldrl/business-partner-resources/employee-services-procedures-8
[3] http://www.cu.edu/employee-services/policies/automatic-termination-process-information
[4] https://www.colorado.gov/pacific/spb/rules-0
[5] http://www.cu.edu/sites/default/files/policies/docs/Handdrawn_Warrant_Request%20rev_13.08.23%20%20Node%20
[6] http://www.cu.edu/regents/regent-policy-0