Sick Leave Cash Outs

Reportable Compensation?

Sick Leave Cash Outs Are Reportable For Only:

- PERS Plan 1 Members – employed by local government agencies.
  - Hours, Compensation, Contributions
- RRTWs – Retiree Return To Work
  - Hours, compensation

Status Codes to Report Sick Leave Cash Outs

- Status Code W – to report sick leave cash out of hours accrued in last 24 months of employment
- Status Code X – to report sick leave cash out of hours accrued prior to last 24 months of employment
- Status Code P – to report sick leave cash out for non-retiring members and RRTWs

Example – Sick Leave Cash Out

- Employee accrues sick leave at 8 hours per month
- Employee has 1200 hours on the books
- Agency's policy is to cash out at 1 for 4

Calclulation of Cash Out

- 1200 hours / 4 = 300 hours cashed out
- 8 x 24 = 192 hours accrued in last 24 months of employment
- 300 – 192 = 108 hours accrued prior to last 24 months of employment
- Hourly rate = $25 x 300 hours = $7500

How to Report to DRS

- 192 hours, $4800, Status Code W
- 108 hours, $2700, Status Code X

Impact of Sick Leave Cash Out

If the compensation from the cash out is used as part of the calculation of the member's pension benefit, it will:

- Increase member's pension benefit
- Cost the employer in the form of an Excess Compensation Invoice

Conversion of Sick Leave Cash Out Does Not Change Treatment

Converting the sick leave cash out does not alter how it is reported to DRS. For example:

- Sick leave cash out is calculated and then contributed to a VEBA – must still report to DRS as sick leave cash out
- Hours are converted to another form of leave (vacation, personal, etc.), then cashed out later – must still report to DRS as sick leave cash out

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Questions?