

UW-Stevens Point UW System Administrative Policy 1210



University of Wisconsin
Stevens Point

SUBJECT: Paid Leave Bank and Vacation Cash Payouts

Original Issuance Date: July 1, 2016

Last Revision Date: June 1, 2020

1. Policy Purpose

This policy establishes the administration of vacation cash payouts and treatment of vacation balances upon movement, retirement or termination of employment at the University of Wisconsin-Stevens Point.

2. Policy Background

Effective July 1, 2016 UW System implemented a change in accounting for and paying lump sum terminal leave. This change requires an institutional policy to supplement the UW System policy regarding the use of banked paid leave and vacation cash payouts.

3. Policy

This revision is effective for notices of termination given after July 1, 2020. Notices received prior to July 1, 2020 with an effective date of separation prior to July 1, 2021 are governed under the previous UWSP BN 1 Policy and all others will be governed by this superseding policy.

According to the [UW System Administrative Policy 1210: Vacation, Paid Leave Banks, & Vacation Cash Payouts](#), Faculty, Academic Staff, Limited Appointees, and University Staff who retire or terminate employment are eligible to receive a lump sum payment of any remaining vacation and/or banked leave hours.

If the termination is not the result of layoff or termination for cause, UW-Stevens Point will allow the employee to extend their termination date for up to 30 calendar days beyond their last day worked by utilizing accrued vacation and/or banked leave hours. Any remaining vacation or banked leave hours will be paid out as a lump sum according to the calculation method specified in [UW System Administrative Policy 1210](#).

If a UW-Stevens Point employee moves from one leave-earning position to another leave-earning position within UW-Stevens Point, all accrued leave (vacation, vacation carryover and banked leave hours) will move with the employee. However, if the movement is a change in appointment type (i.e. University Staff to Academic Staff), vacation carryover is automatically paid out as a lump sum. If an employee moves to an appointment ineligible for earning vacation, any earned vacation, vacation carryover, and leave in a paid leave bank shall be paid out as a lump sum per the calculation method in [UW System Administrative Policy 1210](#).

If an employee moves to another UW System institution or State of Wisconsin agency, the movement of earned vacation, vacation carryover and banked leave is at the discretion of the hiring agency. Any leave not accepted by the hiring institution or agency will be paid out by UW-Stevens Point to the employee as a lump sum.

4. Accounting Procedures

The University will charge a leave benefit at the time annual leave is earned and record the leave benefit as a liability. The assessed percentage will be calculated on a three-year average of lump sum payouts and will be recalculated annually. Any balance remaining in the central campus pool account at year-end will be factored into the next calculation, decreasing/increasing the percentage, as applicable.

The assessed percentage will be charged with each payroll processed. General Purpose Revenue (GPR) accounts will be funded from one central account, while all other funding strings associated with salary payments will be respectively charged. Funds will then be pooled into the central campus account until lump sum leave benefits are paid out.

- Grants and Sponsored projects have the terminal leave assessment calculated into the fringe rate. The existing fringe allocation will charge the sponsored projects and credit the fringe pool. A second allocation will transfer the terminal leave assessment from the fringe pool to the terminal leave central campus pool account.
- All other funds will be assessed a small percentage through the new monthly Terminal Leave Allocation process. The allocation process will charge non-sponsored funding on a new account code, 3960 Transfer – Term Leave Allocated, and transfer the funds to the terminal leave central campus pool account.

A. Lump Sum vs. Extended Time on Payroll

This new terminal leave allocation methodology and subsequent terminal leave central campus pool account only covers lump sum payments (as approved by UW System Chief Business Officers). If an employee chooses to extend their time on payroll up to the 90 calendar days allowed, then the employee payroll would remain the responsibility of the departmental budget.

- Lump sum payouts are taxed accordingly
- Extended time on payroll includes all fringe benefit components, including health, life, retirement, Social Security, Medicare, etc.

5. Related Documents

[UW System Administrative Policy 1210: Vacation, Paid Leave Banks, and Vacation Cash Payouts](#)

[UW System Administrative Policy 230: Salary and Fringe Benefits Calculations](#)

6. Policy History

Policy approved by UW-Stevens Point Vice Chancellors and Chancellor on June 29, 2016.

Change in use of accrued leave from 90 to 30-day extension beyond termination date approved by UW-Stevens Point Vice Chancellors and Chancellor on November 19, 2019.

Updated links on June 1, 2020 to ensure alignment with UW System policy naming convention.