

## **Accrued Unused Sick Leave Payout Program at Time of Retirement**

### **Background**

The Sick Leave Study Group recommends initiating a program which would pay retiring employees \$20 per day for unused sick days in excess of 180 days up to a maximum of \$5,000 per individual.

### **Rationale**

The rationale for this program is the belief that such a payout would

1. provide a retirement incentive for employees
2. provide help for potential retirees
3. reduce potential abuse of use of sick days in years prior to retirement

### **Cost**

In FY'08 there were 16 employees with ages greater than 55 who have more than 180 accrued sick days. These employees could potentially retire. These employees have an average number of unused sick days equal to 236 days. The unused sick days range from 185 to 420. The six employees with the greatest number of unused sick days have an average of 314 days.

Typically 3 to 6 employees retire each year. If the 3 to 6 retiring employees were randomly distributed within the 16 with ages greater than 55, then the unused sick leave payout would equal

$$3 \times (236-180) \times \$20 = \$3,360 \text{ OR}$$

$$6 \times (236-180) \times \$20 = \$6,720, \text{ i.e., a range of approximately } \$3,300 \text{ to } \$6,700$$

If the 3 to 6 retiring employees were from the 6 with the highest number of unused sick days, then the unused sick leave payout would equal

$$3 \times (314-180) \times \$20 = \$8,040 \text{ OR}$$

$$6 \times (314-180) \times \$20 = \$16,080 \text{ i.e., a range of approximately } \$8,000 \text{ to } \$16,000$$

### **Eligibility**

Those eligible for participation in this program are current full- or part-time sick leave eligible HCC employees who file for retirement under SURS. Those who participate must inform the College of their intention to retire no later than six month prior to retirement. Current SURS Annuitants are not eligible for this program.

### **Payout**

Monetary payout under this program would occur no earlier than 60 days after the employee's SURS retirement date and no later than 120 days after that date.

### **Conclusion**

The cost of a program to provide a retirement incentive for employees, provide help for potential retirees, and reduce potential abuse of use of sick days would be in the range of approximately \$3,300 to \$16,000 per year.