



Approved:

City of Commerce, California
Human Resources Policy and Procedure Manual

Director of Human Resources

City Administrator

Number: V-14 Effective Date: 11/15/16

SUBJECT: SICK AND VACATION LEAVE CONVERSION PLAN (PRE-RETIREMENT)

PURPOSE:

To define the City of Commerce's Sick and Vacation Leave Conversion plan for pre-retirement employees for uniformity of interpretation and application.

POLICY:

Employees that are planning on retirement within thirty-six (36) months, may convert on an annual basis up to 100% of their accumulated sick leave and accumulated vacation leave to deferred compensation under one of the City-sponsored deferred compensation plans provided he/she completes a Retirement Benefits Agreement one month before the retirement option is to be made effective. .

This conversion may apply towards both the Normal Limitation and the Catch-up Limitation for the employee only, pursuant to Sections 457 and 401 of the Internal Revenue Code. Any leave benefits that are converted to salary compensation or deferred compensation will be subject to deductions as required by IRS regulations.

Employees may request a one-time extension of their Retirement Benefits Agreement due to unforeseen personal events that may impact the employee's selected retirement date. However, at no time shall the employee's participation in the program exceed thirty-six (36) months from time of enrollment.

The City's contribution to these plans does not create a vested right by employees to continued contributions to these or any other plans. The City reserves the right at any time and from time to time, to modify, change or substitute the contribution plan to a plan with greater, lesser or different benefits, as the City Council deems appropriate.

A. Request for Conversion of Sick and/or Vacation Leave

Employees wishing to participate in the Sick/Vacation Leave Conversion Plan shall be required to do the following:

1. Advise the City of their planned retirement date that is no later than thirty-six (36) months after the effective date of the conversion request. The maximum conversion benefit allowed is up to thirty-six (36) consecutive months after an approved Retirement Benefits Agreement is executed.
2. Select the option(s) the employee desires to convert to retirement benefits.
3. Complete a Retirement Benefits Agreement Form and submit to the Human Resources Department for appropriate approvals and processing.

PROCEDURE:

<u>Responsibility</u>	<u>Action</u>
Employee	<ol style="list-style-type: none">1. Select a planned retirement date no later than thirty-six (36) months after the effective date of the conversion request.2. Complete the Retirement Benefits Agreement and submit to Human Resources for processing and verification.
Human Resources	<ol style="list-style-type: none">3. Verifies whether or not employee is eligible for retirement within thirty-six (36) months based upon employee's selected retirement date.4. Approves or denies request based upon the established criteria and eligibility as provided above.5. Submits approved request form to City Administrator.
City Administrator	<ol style="list-style-type: none">6. Approves request in accordance with this policy and procedure.7. Submits approved request form to Finance Director for processing.

DEFERRED COMPENSATION CONVERSION FORM

TO: Finance Department – Payroll

RE: Deferred Compensation Conversion

Pursuant to Section III. Q. 1 of the Personnel Policies & Procedures, an employee, in the final thirty-six months prior to the employee's intended retirement, may convert on an annual basis up to 100% of accumulated sick leave and accumulated vacation leave to deferred compensation. The conversion may apply toward both the Normal and Catch-up Limitations, pursuant to Section 457 and Section 401 of the Internal Revenue Code.

INTENDED DATE OF RETIREMENT: _____

I AUTHORIZE THE FOLLOWING PAYROLL DEDUCTION/TRANSACTIONS.
PLEASE CONVERT:

_____ Hours of sick leave	_____ Per Pay Period
	_____ 2 nd Pay Monthly
	_____ As Lump Sum
_____ Hours of Vacation leave	_____ Per Pay Period
	_____ 2 nd Pay Monthly
	_____ As Lump Sum

DEFER THE ABOVE HOURS TO THE DEFERRED COMPENSATION PLAN
SPECIFIED BELOW:

\$ _____ ING

\$ _____ ICMA

CHANGES TO BE EFFECTIVE ON:

(Date)

Employee Name

Employee Number

Employee Department

Date Form Signed