# MANUAL OF PROCEDURE

| | | |
|---|---|---|
| **PROCEDURE NUMBER:** | 2657 | **PAGE** 1 of 3 |
| **PROCEDURE TITLE:** | All Personnel: Terminal Leave Payment Program | |
| **STATUTORY REFERENCE:** | FLORIDA STATUTE 1001.64 | |
| **BASED ON POLICY:** | II-84A Terminal Leave Payment Program | |
| **EFFECTIVE DATE:** | May 21, 2003 | |
| **LAST REVISION DATE:** | September 13, 2005; April 2021; August 14, 2024 | |
| **LAST REVIEW DATE:** | September 13, 2005; April 2021; August 14, 2024 | |

## I. PURPOSE

To establish a process for the payment of terminal leave (vacation, sick, professional staff accrued leave and bank point leave) upon the separation/retirement of full-time employees through the College's Terminal Leave Payment Program

## II. PROCEDURE

Participation in the Miami Dade College Terminal Leave Payment Program is mandatory for all full-time employees who are:

1. Scheduled to receive **a total of** $1,000 or more of terminal leave payments (vacation, sick, professional staff accrued leave and bank point leave)

2. Entering into the Deferred Retirement Option Plan (DROP).

Terminal leave payments will be paid by the College to the Plan on behalf of eligible employees, subject to annual Internal Revenue Service (IRS) contribution limits.

Contributions will be made on a pre-tax basis to the following IRS approved plans on a schedule determined by the College:

1. The College's IRS Section 401(a) Retirement Plan. Such funds will be designated as "Employer Contributions".

2. The College's IRS Section 403(b) Plan

3. The College's IRS Part 457 Plan

Eligible payout of all separating employees' **accrued leave** will be contributed on their behalf to the Plan's fixed account**.**

**DROP PARTICIPANTS**

Individuals entering DROP will have the choice of options for the processing of their contributionsas follows:

PLAN OPTIONS:

I. Vacation, Bank Point and Professional Staff Accrued Leave will be placed into the Plan subject to contribution limits upon either:

A. entry into DROP or

B. at termination of employment.

II. Under the payout formula established in College Policy II-28, Sick Leave will **either** be:

A. Deposited to their account equal to that percentage of time left under the DROP option, multiplied by the value of the balance of the employee's accrued sick leave.

Employees scheduled to participate **in** DROP for a period of eight years will have Sick Leave deposited as follows:

Year 1 ........ 20% of balance of accumulated sick leave

Year 2 ........ 25% of balance of accumulated sick leave

Year 3 ........ 33% of balance of accumulated sick leave

Year 4-7 ........ 50% of balance of accumulated sick leave

Year 8 (Upon Separation) ........ 100% of balance of accumulated sick leave

Participants will have access to the balances of their 401(a) accounts through loan provisions only. After retirement they can fully access their accounts. If the participant leaves prior to the eighth year in DROP, the calculation is based on 100% of balance, or

B. Deposited to their account upon employment termination.

## SEPARATING/RETIRING EMPLOYEES

Separating employees may immediately request and receive distribution of any or all of the account balance within five business days from the Plan Administrator/Trustee.

Upon termination of employment:

1. Eligible participants may choose to leave contributions in the Plan, self-direct future investments, or take distributions as desired in a tax-deferred manner or on a lump-sum basis.

2. Periodic payments may be taken monthly, quarterly, semi-annually, or annually. Distributions will be made on account of death or total disability.

**3.** If the terminating participant is under age 55, the College will pay separating employees an additional 2.35% to compensate for the 10% IRS early withdrawal penalty, **if distribution requests are made within ninety (90) days.**

Any terminal leave payment balance remaining after contributions are made to the Plan will be subject to applicable FICA, Medicare and IRS withholding taxes.

| | |
|---|---|
| | 08/14/2024 |
| **PRESIDENT** | **DATE** |