



STATE
RETIREMENT
SYSTEMS

- State Employees' Retirement System of Illinois
- General Assembly Retirement System
- Judges' Retirement System of Illinois

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BULLETIN

To: All State Agencies, Departments, Boards and Commissions
Attention: Directors and Payroll Divisions

Date: January 4, 2016

RE: Cashing out Holiday Benefit Time

This bulletin serves as a reminder to all state agencies that allow employees to “cash out” balances of holiday time as lump sum payments rather than the employee using the holiday time as scheduled time off.

The pension code specifically prohibits the collection of retirement contributions on lump sum pay outs of holiday time and, as such, the associated wages are not pensionable (40 ILCS 5/14-103.10 (b)):

“For periods of service on and after January 1, 1978, all remuneration for personal services performed defined as “wages” under the Social Security Enabling Act, including that part of such remuneration which is in excess of any maximum limitation provided in such Act, and including any benefits received by an employee under a sick pay plan in effect before January 1, 1981, but excluding lump sum salary payments:

- (1) for vacation,
- (2) for accumulated unused sick leave
- (3) upon discharge or dismissal,
- (4) for approved holidays.”

Any lump sum payout of holiday time should be processed using the lump sum fields within the payroll system and no retirement deductions (or miscellaneous retirement deductions) should be taken on these types of payments.

Under no circumstances should they be paid as gross adjustments allowing retirement deductions to be taken and wages to be falsely accumulated.

If you have any questions regarding this policy, you can contact SERS by telephone at (217) 785-7202 or (217) 558-1311 or e-mail the Accounting Division at SRSacctgDiv@SRS.ILLINOIS.GOV.

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