Updating the PennWorks/Payroll Record for a Staff Member Approved for Phased Retirement
Instructions for Business Administrators*

To update the PennWorks/Payroll record for a non-exempt or exempt staff member approved for Phased Retirement follow the steps below. You will select the reclassification option in PennWorks.

- Obtain a copy of the memo from Human Resources Compensation which outlines the approved changes to the staff member’s job class code, salary, class entry date and other pertinent information
- When updating the record, the staff member’s **Salary Key must remain Full-Time**
- In the % Full Time field enter the actual percentage of time worked during Phased Retirement. This entry should be 60% or above.
- The Hours field should reflect the number of hours per week associated with the staff member’s full-time position; either 35, 37.5 or 40 hours
- Update the Job Class Code, Class Entry Date (first day of staff member’s Phased Retirement Period), and Annual Salary fields to comply with the instructions in the memo from Human Resources Compensation. Update the distribution line(s) appropriately.

*Note: You must update the staff member’s record appropriately so the Payroll or PTO System will accurately calculate the staff member’s time off balances during the phased retirement period. (Non-exempt (weekly paid) staff time balances are maintained in the Payroll System. Time balances for most exempt (monthly paid) staff are maintained in the University’s PTO System. PSOM has a different PTO System for exempt time balances.)
Processing the Paid Time Off (PTO)/Vacation Payout upon Separation for Staff on Phased Retirement
Instructions for Business Administrators

When processing the Paid Time Off (PTO)/Vacation payout upon separation for a non-exempt or exempt staff member on Phased Retirement follow the steps below. **Vacation Payouts must be processed in the Additional Pay System.** (Please note: Ensure that the staff member’s PennWorks/Payroll record was updated appropriately as outlined in the instructions above.)

- **For a non-exempt (weekly paid) staff member:**
  - Calculate the full-time equivalent salary. To obtain the full-time equivalent salary, you divide the annual salary upon separation (salary at the end of the phased retirement period) by the percent of time worked.
  - Divide the full-time equivalent salary upon separation by 52 weeks to obtain a weekly rate of pay.
  - Divide the weekly rate of pay by 5 days to obtain the daily payout rate.
  - Multiply the number of unused and accrued Paid Time Off/Vacation days by the daily payout rate to get the amount of the vacation payout.
    - Example: Joe Redd, who works in a non-exempt position at 60% time on phased retirement has an annual salary upon separation of $42,000. He has 20 unused and accrued PTO/vacation days at separation.
      - Calculate Joe’s full-time equivalent salary. $42,000/.60 = $70,000 (full-time equivalent salary)
      - Divide Joe’s full-time equivalent salary by 52 weeks to obtain the weekly rate of pay. $70,000/52 = $1,346.15 (weekly rate of pay)
      - Divide the weekly rate of pay by 5 days to obtain the daily rate. $1,346.15/5 = $269.23 (daily payout rate).
      - Multiply Joe’s 20 unused and accrued PTO/Vacation days by the daily payout rate to obtain the amount owed. 20 days x 269.23 = $5,384.60 (vacation payout amount)

- **For an exempt (monthly paid) staff member:**
  - Calculate the full-time equivalent salary. To obtain the full-time equivalent salary, you divide the annual salary upon separation (salary at the end of the phased retirement period) by the percent of time worked.
  - Divide the full-time equivalent salary upon separation by 12 months to obtain a monthly rate of pay.
  - Divide the monthly rate of pay by 22 days to obtain the daily payout rate.
  - Multiply the number of unused and accrued Paid Time Off/Vacation days by the daily payout rate to get the amount of the vacation payout.
    - Example: Susan Blue, who works in an exempt position at 60% time on phased retirement has an annual salary upon separation of $55,000. Susan has 20 unused and accrued PTO/vacation days.
      - Calculate Susan’s full time equivalent salary. $55,000/.60 = $91,666.67 (full-time equivalent salary)
- Divide Susan’s full time equivalent salary by 12 months to obtain the monthly rate of pay. $91,666.67/12 = $7,638.89 (monthly rate of pay).
- Divide the monthly rate of pay by 22 days to obtain the daily payout rate. $7,638.89/22 = $347.22 (daily payout rate)
- Multiply Susan’s 20 unused and accrued PTO/Vacation days by the daily payout rate to obtain the amount owed. 20 days x $347.22 = $6,944.40 (vacation payout amount)