Vacation Buyout Program

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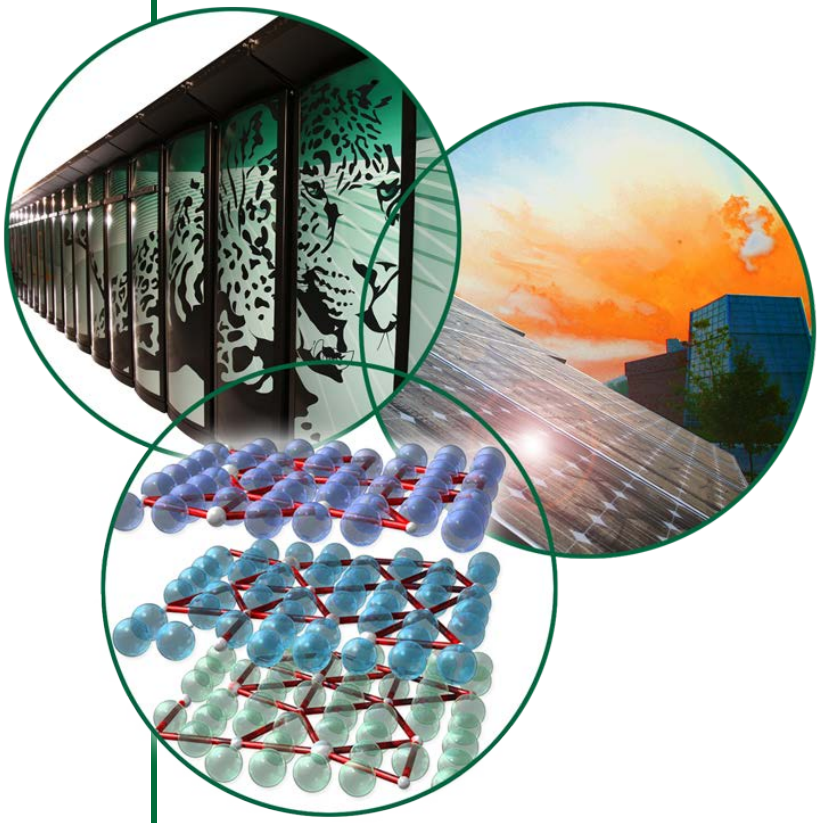
November 2012



U.S. DEPARTMENT OF ENERGY

OAK RIDGE NATIONAL LABORATORY
MANAGED BY UT-BATTELLE FOR THE DEPARTMENT OF ENERGY

Vacation Buyout Program: Past History

- Until the early 1990s, ORNL had a vacation buyout program
  - Employees could sell 1 week at the same time they took a week
  - No advance notice was required
  - Sale could be rescinded
- IRS rules have changed: Using this method today would mean that all employees would be in “constructive receipt” of a payout (taxable event for **all** employees)

New Vacation Buyout Program: Employees may "sell" vacation

- Employees must elect sale before end of calendar year
  - Employee will provide non-retractable written commitment to accept payment
  - Window for declaring sale is November 19 through December 19
  - Sale of vacation will be reflected in January paycheck
- Amount of vacation is fixed (no deviation allowed)
  - Full-time employees: 40 hours
  - Part-time employees: 32 hours
- "Use or lose" or banked vacation cannot be sold
  - Must be the following year's vacation that is sold

Program Details

- Election will be made on line
- Payout will be made only once a year (in late January)
- Payouts are not pensionable
- No 401(k) deductions or matches will be applied
- All payouts will be net of FICA taxes and a FIT deduction, currently 25%
  - Matches practice for other special payouts (SPA, IPA, IC)

Eligible employees	Non-eligible employees
• All full-time and part-time salaried employees • Employees on FMLA • Employees on short- term disability	• Casual employees • Bargaining unit employees • Employees on leave of absence • Employees on long-term disability

Examples: Vacation by Accrual

Employee Example	Hire Date	2013 Accrual / Lump Sum Rate	Prior Vacation Carry Over	2013 Vacation Buyout	Vacation Available for Use in 2013
1. Full-time	3/1/2008	Accrues 3 hours/ week	None – all prior vacation used	Borrows 40 hours from 2013 vacation	At 3 hours/week accrual it takes 14 weeks to accrue the 40 hours that were borrowed. Employee is unable to take vacation until mid-April, 2013.
2. Full-time	3/1/2008	Accrues 3 hours/ week	Carries forward 6 days (48 hours)	Borrows 40 hours from 2013 vacation	May use the 6 days of carried forward vacation beginning January 1, 2013. Vacation accrued in 2013 is not available until mid-April, 2013.

Examples: Lump Sum Vacation

Employee Example	Hire Date	2013 Accrual / Lump Sum Rate	Prior Vacation Carry Over	2013 Vacation Buyout	Vacation Available for Use in 2013
3. Full-time	3/1/1995	Receives lump sum of 20 days (160 hours) on 1/1/2013	None – all prior vacation used	Uses 40 hours from 2013 lump sum vacation	Has 120 hours of 2013 vacation left for vacation purposes.
4. Full-time	3/1/1995	Receives lump sum of 20 days (160 hours) on 1/1/2013	Carries forward 20 days (160 hours)	Uses 40 hours from 2013 lump sum vacation	Has 120 hours of 2013 vacation left and 160 hours of carried forward vacation to use for vacation purposes.
5. Full-time	3/1/1995	Receives lump sum of 20 days (160 hours) on 1/1/2013	Has a full bank and 8 days (64 hours) of use or lose	Uses 40 hours from 2013 lump sum vacation	Has 8 days (64 hours) of use or lose. Also has 120 hours left from 2013 and a full bank to use for vacation purposes.

Examples: Part-time Employees

Employee Example	Hire Date	2013 Accrual / Lump Sum Rate	Prior Vacation Carry Over	2013 Vacation Buyout	Vacation Available for Use in 2013
6. 50% Part-time	3/1/2008	Accrues 1.5 hours / week	None – all prior vacation used	Borrows 32 hours from 2013 vacation	At 1.5 hours /week it takes 22 weeks to accrue the 32 hours that were borrowed. Employee is unable to take vacation until June, 2013
7. 80% Part-time	3/1/2001	Accrues 3.2 hours / week	Carries forward 2 days (12.8 hours)	Borrows 32 hours from 2013 vacation	Employee may use the 2 days of carried forward vacation beginning January 1, 2013. At 3.2 hours / week it takes 10 weeks to accrue the 32 hours that were borrowed. 2013 accrued vacation is not available until mid-March 2013.

Recording Vacation Buyout hours

Recorded as
'Pay in Lieu of Vacation' (PLV)

Full-time, Lump Sum

Vacation Details for 2012 (Displayed in Hours)							
Vacation Eligibility				**Vacation Status**			
Carry Forward	Bank	240.00		Total Vacation			688.00
	Continuous	0.00		Reductions	Vacation Taken	0.00	
	Sick	0.00			Donated Deferred	0.00	
	Deferred	208.00			Donated Out	0.00	
	1st Year Carry	0.00			Transfer Out	0.00	
	Total		448.00		PLV	40.00	
Vacation Max		240.00			Term PLV	0.00	
					Lost Deferred	208.00	
Annual Vacation			240.00		Total		248.00
Donated In			0.00	Vacation Remaining			440.00
Transfer In			0.00		Eligible to Bank		240.00
Total Vacation			688.00		Use or Lose		200.00

Part-time, Accrual

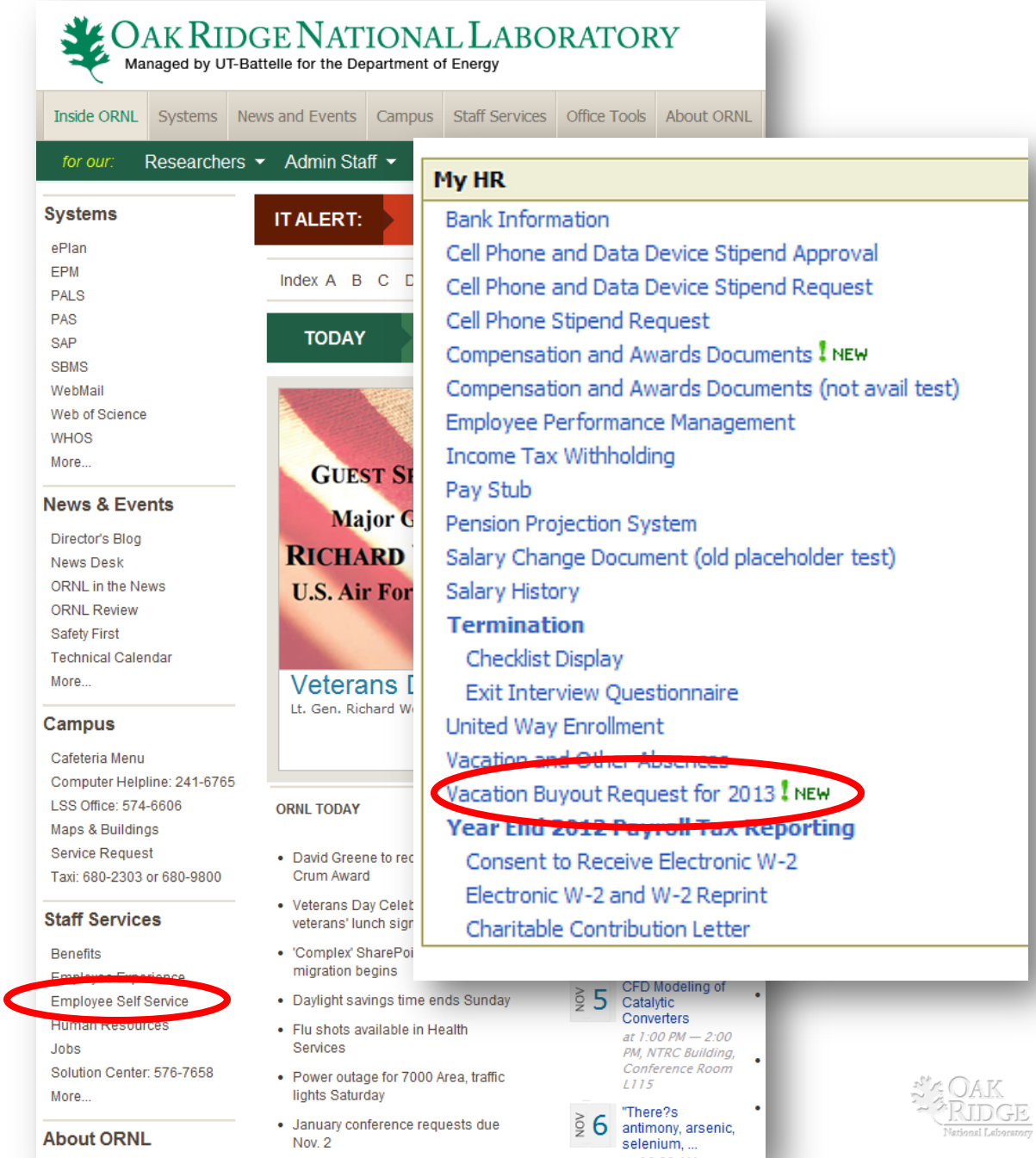
Vacation Details for 2012 (Displayed in Hours)							
Vacation Eligibility				**Vacation Status**			
Carry Forward	Bank	163.00		Total Vacation			166.0800
	Continuous	0.00		Reductions	Vacation Taken	0.00	
	Sick	0.00			Donated Deferred	0.00	
	Deferred	0.00			Donated Out	0.00	
	1st Year Carry	0.00			Transfer Out	0.00	
	Total		163.00		PLV	32.00	
Vacation Max		160.00			Term PLV	0.00	
Accrual hrs/week		2.7693					
Accrued to date			3.0800		Total		32.00
Donated In			0.00	Vacation Remaining			134.0800
Transfer In			0.00		Eligible to Bank		200.00
Total Vacation			166.0800		Use or Lose		0.0000

Borrowed Vacation Details for 2012 (Displayed in Hours)	
Borrowed Vacation Eligibility	32.00
Borrowed Vacation Taken	0.00
Borrowed Vacation (PLV: Buy Out)	32.00
Borrowed Vacation Remaining **	0.00

OAK RIDGE National Laboratory

On-line Enrollment via ESS

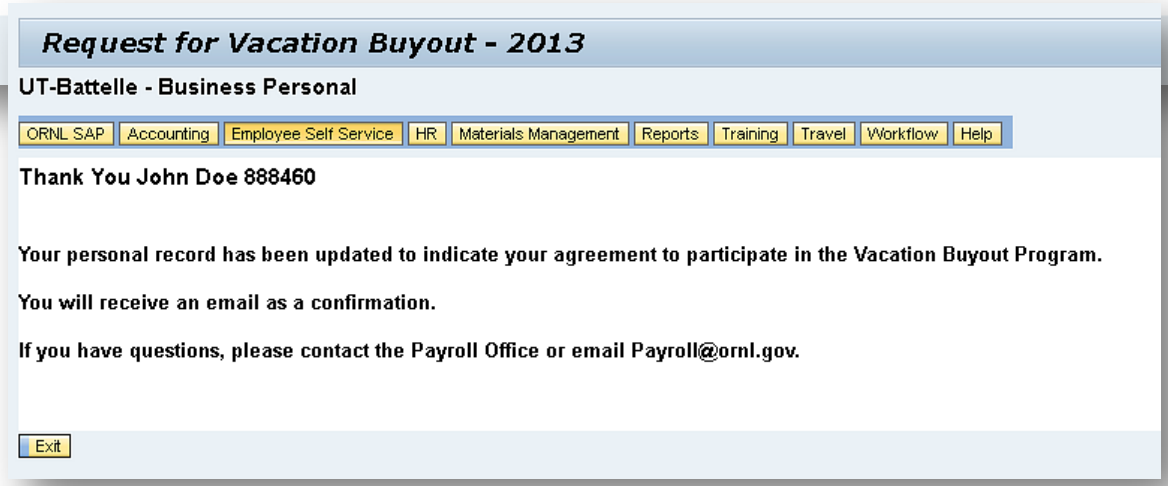
Available November 19 – December 19, 2012



Enrollment Screen

To access Help and FAQs, click here

Results Screen



For More Information

- Webpage: http://benefits.ornl.gov/2012/vacationbuyout/default.aspx
- Information Meetings: Weeks of Nov. 5, 12 and 26
- E-mail: payroll@ornl.gov

Questions?