

# Annual Leave Conversion Payout (ALCP)

## FAQs

**Q1. How often can an employee convert annual leave into a cash payout?**

Once per fiscal year, upon notice of the availability of the option and if all eligibility requirements are met.

**Q2. Can an employee change their mind after they make their election?**

No. Once an employee makes their election, the decision is irrevocable.

**Q3. Can an employee elect less than or more than 40 hours?**

No. Forty hours is the only amount available.

**Q4. What taxes will be taken from the employee's payout?**

The ALCP is subject to federal withholding tax, state withholding tax and FICA (OASDI and MEDI).

**Q5. Can an employee or the agency exempt themselves/the employee from the federal taxes?**

An employee should refer to the Internal Revenue Service's Topic No. 753 at [www.irs.gov](http://www.irs.gov). It states: "If an employee qualifies, he or she can also use [Form W-4](#) to tell you [the employer] not to deduct any federal income tax from his or her wages. To qualify for this exempt status, the employee must have had no tax liability for the previous year and must expect to have no tax liability for the current year. A Form W-4 claiming exemption from withholding is valid for only the calendar year in which it's furnished to the employer. To continue to be exempt from withholding in the next year, an employee must give you [the employer] a new Form W-4 claiming exempt status by February 15 of that year. This date is delayed until the next business day if it falls on a Saturday, Sunday, or legal holiday. If the employee doesn't give you [the employer] a new Form W-4, withhold tax as if he or she is single or married filing separately with no other entries in step 2, 3, and 4." (emphasis added)

**Q6. Which deductions will be taken from the employee's ALCP?**

None of the standard deductions will be taken (e.g., SHBP, ERS).

**Q7. If an employee fails to make an election, will they receive a payout anyway?**

No. Employees must elect to receive a payout.

**Q8. Can a manager make the election for the employee?**

No. The election must be made by the employee in TeamWorks Employee Self-Service. (Note: Agencies not on TeamWorks will direct their employees on how to make their elections.)

**Q9. Can an employee have the ALCP payment applied to their retirement account (i.e., 401K, 457b)?**

No. Employees cannot apply their payout to their retirement account.

**Q10. What if the employee is on military leave during the election period?**

The employee should contact their HR administrator for assistance.

**Q11. Does an employee's timesheets need to be submitted and approved before making the election?**

Yes, an employee's timesheets should be both submitted and approved prior to making the election. Please refer to the queries below to ensure timesheets are up-to-date and approved.

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### Time and Labor Agencies:

- OBN901\_ALCP\_ELIG\_TIME\_LABOR – List of eligible employees
- OBN903\_ALCP\_ELIG\_TL\_AGCY\_SUM – Total Hours and Total Dollars for eligible employees

### Base Benefits Agencies:

- OBN900\_ALCP\_ELIG\_BASE\_BENEFITS – List of eligible employees
- OBN902\_ALCP\_ELIG\_BB\_AGCY\_SUM – Total Hours and Total Dollars for eligible employees

### Both:

- OBN905\_ALCP\_AGCY\_DECLAR\_DETAIL – Declaration Details
- OBN904\_ALCP\_EMP\_ELECT\_DETAIL – Employee Election Details

### **Q12. What account code will the ALCP be applied?**

Account code #502002.

### **Q13. Where can an agency or an employee find more information about the ALCP?**

Information is provided in the State Personnel Board Rule 16 and the OPB Memo to Agency Heads and Fiscal Officers