

Sick Leave Buyout FAQ

In January of each year you might be informed by HR that you will be getting information about your eligibility for a “**Sick Leave Buyout**” If you didn’t – don’t worry you might get one in the future.

Q: Why did you get this form? Washington State Law allows for faculty to cash-out any accumulated sick-leave earned in the past calendar year, minus any used, once you have accumulated at least 420 hours. If you have accumulated more than this – you will get an email asking if you want to cash out some hours from HR.

Q: How much sick leave can I accrue? There is no limit on the amount of sick leave you can accrue.

Q: How much is each day/hour worth? The cash-out value of each day for a Full-Time faculty is your per diem rate (annual salary/176)/4 – so you get 25% of the value of your sick leave you cash-out. For adjunct faculty, this is your Category C hourly rate/4 for each hour you cash-out.

Q: How much can I cash-out annually? Each year you can cash-out all of the compensable leave accumulated in the previous calendar year so long as you don’t drop below 420 hours. So if you didn’t use any sick leave last year, you could have as much as 72 hours (adjunct) or 84 hours (Full-time who teach summers).

Q. How is this different than cashing out at retirement? If you retire from Bellevue College (you must be 55 or older for this benefit AND have worked for at least 10 years) you can cash-out the entirety of your accumulated sick leave at whatever your rate of pay is at the time of retirement times 25% AND this money is likely to be placed into a Health Savings Account to be used for any health related costs including premiums AND this money will may not be subject to income tax.

Q: Is the cash-out taxable income? If you cash-out *annually* the money IS taxable income. If, at retirement, you cash-out into a Health Savings Plan the money may not be subject to tax (HOWEVER I am not a tax expert and laws can change and you shouldn’t take my advice on tax stuff anyway!)

Q: Why might it be a *good idea to take the cash-out?* You should make all financial decisions based on what is best for you and your circumstances. What I can say is that if you think you will NOT retire from BC (stop working here before you are 55 years old or before you have worked at BC for 10 years) you will likely not be able to cash-out later and taking the cash-out now may be the only way to get any value from your accumulated sick-leave OTHER than using it as sick leave which is the BEST *financial* way to use it (though it does mean being sick enough that you can’t work, which doesn’t sound like a circumstance in which the word “best” is appropriate).

Q: Why might it be a *bad idea to take the cash-out?* You should make all financial decisions based on what is best for you and your circumstances! If you are already over 55, or think it is likely that you will retire from BC with 10 years of service, what I can say is that your per diem rate of pay or hourly pay rate is likely (hopefully) going to increase with time and the cash-out value of the sick leave is likely to be higher in the future. That, in combination with the possibility of not paying taxes on the cash out possibly makes it a good financial idea to hold onto your accumulated sick leave.

Q: Shouldn't I save it for if/when I'm sick? Yes! Remember that the value of sick leave when you are sick is 100% of your pay but the cash-out is 25% of your pay. Sick leave is *most* valuable when used as sick leave, and keeping your sick leave available for if/when you need it is a good idea; so is having long-term disability insurance. However, if you are lucky you may accumulate leave faster than you use it and may never need it. This is when an ability to see into the future comes in handy – anyone have that??

Q: What about shared leave? So glad you asked! You can donate your accumulated leave to other employees through the shared leave program when they have exhausted all their leave. Your leave is deducted from your account and added 1:1 to their account with no deduction in its value. This is great way to help out your fellow colleagues. You can donate as much leave as you are willing to donate so long as you maintain balance of at leave 420 hours for FT and 360 hours for adjuncts.

Hopefully this make it easier for you to make a good decision. If you have any further questions you can look at Articles 20 and 21 of our Collective Bargaining Agreement and/or discuss the options with Human Resources.