

SECTION 6.17 SICK LEAVE INSURANCE PROGRAM
Last Update: 06/14

The Sick Leave Upon Retirement Program is an opportunity for state employees who are eligible for a bona fide retirement* to use all or part of their unused sick leave balance to pay the employer share of their health care premiums after they retire until they are eligible for Medicare (Medicare bridge program). State employees eligible for this program include:

- Executive branch AFSCME-covered employees
- Executive branch IUP-covered employees
- Executive branch non-contract employees

This program does not include elected officials, judicial branch employees, legislative branch employees, Board of Regents employees, or SPOC employees. These groups may be covered by similar programs designed just for them.

* In order to be considered a bona fide retirement, an employee must apply for and receive monthly state pension benefits. If retirees rescind their retirement and do not receive a monthly pension benefit, they will not be considered to have taken a bona fide retirement and will not be eligible for this program.

For more information about the SLIP program, visit the website at: <https://das.iowa.gov/human-resources/employee-and-retiree-benefits/retirees/sick-leave-insurance-program-slip>

Program Features

Up to 100% of the value of the employee’s accrued sick leave balance at the time of retirement, minus the traditional \$2,000 retirement payout, based on the total amount of accrued sick leave at the time of retirement, may be used to pay the employer share of state group health insurance premiums.

- The employee must sign up for the program at the time of retirement.
- The value of the sick leave balance will be calculated as follows:
 - Identify the total number of hours of accrued sick leave on the last day of work.
 - Use the chart below to determine the conversion rate (used to determine the percentage of accrued sick leave hours an employee can keep for payment of health care premiums).

If the sick leave balance is:	The conversion rate is:
Zero to 750 hours	60% of value
Over 750 hours to 1,500 hours	80% of value
Over 1,500 hours	100% of value

- Multiply the total number of accrued sick leave hours times the regular hourly pay to get the total sick leave balance value.
- The employee is paid up to \$2,000 in unused sick leave with the employee’s final warrant upon retirement.
- Subtract the \$2,000 sick leave payout from the total sick leave balance value.
- Multiply the remaining amount times the conversion rate, based on the original sick leave balance the employee has upon retirement.
- The result is the sick leave account balance, in dollars (not hours).
- The final calculated dollar value will be credited to the employee’s Sick Leave Insurance Program (SLIP) account.
- Each month, the employing department will pay 100% of the employer share of the selected state group health insurance premium from the employee's SLIP account. The employee is responsible for any additional premiums associated with the employee share.

- As of July 1, 2006, sick leave accrual rates effective with this program are:

If the sick leave balance is:	Accrual Rate for AFSCME, IUP Science Unit, and Non-contract	Accrual Rate for IUP Social Services Unit
Zero to 750 hours	18 days per year	12 days per year
Over 750 hours to 1,500 hours	12 days per year	9 days per year
Over 1,500 hours	6 days per year	6 days per year

Program Eligibility

Any employee in a covered group who is eligible to take a bona fide retirement is eligible for this program as long as the sick leave account balance, as calculated above, is greater than \$2,000 PLUS the cost of at least one month of the employer share of the state group health insurance premium.

IPERS Considerations

Unless an employee qualifies for a disability retirement, he/she cannot begin to draw an IPERS pension until age 55.

Special Service Members (Protection Occupations): Currently, if 55 or older at retirement, there is no age reduction applied to the IPERS benefits. However, benefits may still be reduced depending on years of service.

For all other IPERS members, an early retirement reduction is applied if the retiree has not reached normal retirement age, which is:

65 years of age

OR

62 years of age with 20 years of IPERS-covered service (Years of service is not limited to state employment and there can be breaks in the years of service as long as it totals 20 years.)

OR

Rule of 88 (age plus years of IPERS-covered service at age 55 or older)

Once an employee begins receiving IPERS benefits, they will not be able to be employed by any IPERS-covered employer for one month, and will not be able to be employed in an IPERS-covered position for three additional months. (These limits apply only to IPERS eligibility and are different from the limits for the Sick Leave Insurance Program.)

The total quarters of IPERS-covered employment are the sum of the following categories:

1. The quarters of IPERS-covered employment credited to the employee's IPERS account as the result of active employment through the retirement date.
2. The quarters of IPERS service credit that were purchased before retirement.

To obtain a retirement benefit estimate for IPERS pension amounts, call (800) 622-3849. This information may also be requested online at: <http://www.ipers.org/members/forms/index.html>. A member may purchase service credit for a wide variety of types of public service. More information about the IPERS service purchase program can be found in the IPERS member handbook.

For IPERS questions, call (800) 622-3849 or (515) 281-0020.

Income Tax Considerations

The value of the SLIP benefit is not subject to federal and state income taxes, because eligible employees do not have the option of taking a cash payout in lieu of this benefit. Of course, taxes are still paid on the amount of any vacation payout along with the \$2,000 of the sick leave payout.

For income tax questions, call the State Accounting Enterprise at (515) 281-3976.

How to Apply for the Sick Leave Insurance Program

Complete the Sick Leave Insurance Program Agreement and any other forms applicable. Submit the completed agreement and other forms to your department's personnel assistant **prior to the retirement date**.

Policy to Reemploy SLIP Participants

This Policy to Reemploy SLIP Participants (Policy) applies to all Executive Branch former employees who retired from State of Iowa (State) employment and who applied for and are currently receiving the Sick Leave Insurance Program (SLIP) benefits (SLIP Participants).

A SLIP Participant shall not return to permanent State employment while receiving SLIP benefits. A SLIP Participant who wishes to become reemployed with the State may waive all current and future SLIP benefits and seek reemployment. SLIP Participants are eligible to return to state government once SLIP benefits have ceased.

SLIP Participants still receiving SLIP benefits may be hired in a temporary position for a fixed term appointment if the hiring authority has received approval from the Department of Administrative Services. Approval will be for short-term situations only. Long-term continued employment in a temporary status will not be permitted. Examples of appropriate temporary reemployment include: the SLIP Participant is needed to testify for a hearing; complete a project for which the SLIP Participant's expertise is needed; or to fill in for the short-term absence of another employee. A SLIP – Retiree Rehire Authorization form ([CFN 552-0719](#)) must be completed and submitted to your DAS Personnel Officer.

An employing authority that has reemployed a SLIP Participant shall submit a report to DAS-HRE of hours worked bi-weekly throughout the length of the employment.

This Policy shall not prohibit SLIP Participants from performing services for the State if the SLIP Participant:

- a. Is an independent contractor;
- b. Is employed by an entity that contracts with the State; or
- c. Is employed by a temporary placement agency.

Forms (see forms listed on the cover page of this chapter)

- Sick Leave Insurance Program Enrollment Form
- SLIP Calculation Estimate Form
- Group Insurance Direct Pay Continuation Form
- SLIP Program Checklist for PAs
- SLIP Retiree Rehire Authorization