

Division of Personnel
ANNUAL INCREMENT GUIDANCE MATERIAL

- Separating employees shall be paid the annual increment on a pro rata basis for the period of time the employee rendered service during the current fiscal year of employment. Such period of time shall include the total tenure value of any unused annual leave, regardless of the method of payment (i.e., lump sum or remaining on payroll). All annual leave must be included, even if this extends the increment time into the next increment year, provided such period of time covered by paid terminal annual leave does not count as years of service credit. Annual increment is not paid for the terminal value of annual leave used upon retirement to extend insurance coverage or to acquire additional credited service in the retirement system.
- Eligible employees who were hired anytime after July 1 and who are on the payroll at the end of the increment year (June 30) must receive the full increment amount based on total tenure.
- If the employee had been paid a pro rata increment by the same or another agency in the current increment year, the increment payment must be adjusted (reduced) by that amount. In other words, he/she will only be eligible for the pro rata portion for the part of the year that he/she was on the payroll after reemployment.
- The Annual Increment Policy gives details on increment eligibility.

Examples:

1. Dave was hired on February 1. As of June 27, he will have 10 years of service for purposes of annual increment. He was not paid any previous increment for this year. His last day worked is June 15. (9 years of service for annual increment.) He has 8 days of unused annual leave. (This extends the period for which he should be paid prorated annual increment through June 29.) Dave should receive a prorated increment for the period February 1 through June 29 based on 9 years of service. Note: Even though the unused leave extends the period for which Dave should be paid prorated annual increment past his anniversary date of June 27, his increment must be based on full years of service as of his last day at work.
2. Gordon was hired on June 1. As of July 10, he will have 18 years of service for purposes of annual increment. He was not paid any previous increment for this year. His last day worked is July 31. He has 2 days of unused annual leave. (This extends the period for which he should be paid prorated annual increment through August 4.) Gordon should receive the full year increment payment through June 30, based on 17 years service. He should also receive a prorated increment for the period July 1 through August 4 (based on 18 years of service).
3. Mary was hired on February 1. As of June 19, she will have 12 years of service for purposes of annual increment. Mary was not paid any previous increment for this year. Her last day worked is June 15. She has 4.25 days of unused annual leave. (This extends the period for which she should be paid prorated annual increment to June 21, with June 21 counted as .25 or 25%) Mary should receive a prorated increment for the period February 1 through June 20, and 25% of June 21 based on 11 years of service as of last day worked. (Note: Unused annual leave will very often extend the period for which she should be paid prorated annual increment to include a fractional day.)

4. Fred was hired on February 1. As of June 30, He will have 10 years of service for purposes of annual increment. He was not paid any previous increment for this year. His last day of work is June 24. He has 8 days of unused annual leave. (This extends the period for which he should be paid prorated annual increment through July 2.) Fred should receive the full year increment payment through June 30 (based on 9 years of service). He would also be entitled to receive a prorated increment for July 1 - 2 (terminal leave) in the following increment year (based on 9 years of service).
5. Bob was hired on February 1 by agency "A". As of January 15, he has 10 years of total service for purposes of annual increment. When he resigned, agency "B" paid Bob a prorated increment of \$250 for this year. His last day worked in agency "A" is May 31. He has 18 days of unused annual leave. (This extends the period for which he should be paid prorated annual increment to June 15.) Bob should receive increment (based on 10 years of service) minus the \$250 prorated increment paid for this year.
6. Dora was hired on February 1. As of next July 2, she will have 15 years of service for purposes of annual increment. Dora was not paid any previous increment for this year. Her last day worked is July 3. Dora has 2.75 days of unused annual leave. (This extends the period for which she should be paid prorated annual increment to July 7, with July 7 counted as .75 or 75%.) Dora should be paid a full increment through June 30 (based on 14 years service credit). Dora should also receive a prorated increment for the period July 1 through 75% of July 7 (based on 15 years service.)
7. Ivan was hired on June 30. As of next July 2, he will have 34 years of service for purposes of annual increment. Ivan was not paid any previous increment for this year. His last day worked before retirement is July 6. Ivan is applying his unused annual leave toward extended insurance coverage upon retirement. Ivan should be paid a full increment through June 30 (based on **33 years** of service). He should also receive a prorated increment for the period July 1 through July 6 (based on **34 years** of service). Ivan will not receive annual increment for the terminal value of his annual leave since it is being applied toward insurance coverage.