Covid19 Related Voluntary Separation Program

Frequently Asked Questions (FAQ)

GENERAL

1. Why are managers who approve VSP applications not permitted to fill the vacated positions for at least 18 months?

   The purpose of the program is to create salary savings by eliminating positions. By leaving positions vacant, the department can realize salary savings from the vacated positions. For example, if a PSS employee applies and is approved for the program and receives the maximum severance of 16 weeks (approximately 4 months) pay, the department will save 14 months’ salary over the course of the following 18 months. If the department reorganizes so that the position is eliminated altogether, the department can realize even greater savings.

2. What if the manager is restructuring the unit and needs the vacated position to be re-filled?

   If the manager can demonstrate that the effort to restructure the unit has resulted in the elimination of a position elsewhere in the unit, and that the position will be redefined in the new staffing plan the manager may submit a request for an exception.

3. If I apply and someone in my department is being laid off, will I save that person’s job?

   Electing to separate does not necessarily save a particular job. Managers must make decisions based on the operational needs of the unit, which vary across positions. The cost savings generated by this program will collectively help UC Berkeley meet budget reduction requirements.

4. Is there anything else I need to do once I submit my application?

   If your application is accepted by your department, you will be required to sign a release of claims in order to receive your severance pay.

   If you are age 40 or older, you will have 45 calendar days to consider and seek legal advice about the release. If you decide to participate, you may sign the release anytime within that period after you receive the document. You will then have 7 calendar days to revoke your release of claims if you change your mind after you submit the signed release.

   If you are under age 40, you will have 14 calendar days to consider and seek advice about the release. You may sign and return the release any time during that 14-day period.
5. If I sign the application form but later decide not to sign the release or decide to revoke my decision, does it also rescind my separation request? In other words, can I keep my job if I change my mind?

Yes. If you do not sign the release or if you revoke your decision within accepted timeframes, you may remain in your position. However, once you have submitted your signed release and the revocation period (if any) has expired, your decision to participate in the program cannot be rescinded.

6. What are the circumstances for a department to deny an employee’s application?

Department managers must consider the business skills needed for critical operations and to meet future needs. If there is an on-going need for your position and the manager cannot eliminate it, then the department will not be able to justify accepting your application. Departments should make decisions based upon bona fide business reasons.

7. Why are employees who separate under VSP prohibited from returning to any UC employment for 3 years?

Employees who agree to the early separation and take the severance incentive may only return during the next three years if they repay a portion of the severance. If you want to keep the entire severance amount, then per UC policy you may not return to work at a UC location in any capacity for three years. The campus needs to reduce the staffing costs. The budget is not expected to recover soon. Funds saved from this program will be used to cover those reductions as well as the severance costs.

8. Does the 3-year restriction on reemployment include independent consultant agreements?

Yes. It includes employment in any capacity, including contract, rehired retirees, temporary or consulting.

9. What will happen to my accrued sick leave if I participate in VSP?

How sick leave is treated depends on your plans after separation from UC:

- If you retire, your sick leave will be converted to service credit and used in determining your UC retirement income unless you elect a lump sum cashout.
- Sick leave is not, however, paid out upon separation from employment.

10. What will happen to my unused vacation time if I participate in VSP?
You will be paid for any accrued vacation hours upon separation from employment.

11. Can I use vacation leave time to carry me to my separation date?

Use of vacation accruals is subject to the manager’s approval. Situations vary and the decision to approve use of accruals prior to separation from the University is influenced by the amount accrued as well as the operational needs of the unit. You will be paid for any unused vacation accruals upon separation.

12. Why is the University limiting access to the program?

The University needs to balance the need to reduce costs with critical operational and academic program needs. Other positions may be exempt based on the inability to discontinue or redistribute functions performed by the position or unique skills, knowledge and abilities required for the position.

13. Are represented employees eligible to participate?

Participation by represented employees is subject to collective bargaining. The campus is contacting employee unions about participating in the program and will announce eligibility if it becomes available.

14. If my department is already laying people off, may I still apply?

Yes.

15. May I participate if I am a rehired retiree?

No. Employees who are rehired retirees who have received retirement income from the UC Retirement Plan (UCRP) or who have suspended their pension are not eligible to participate.

16. Are people employed pursuant to an employment contract eligible to participate?

No. Contract positions with end dates are not eligible.

17. I have a split-funded appointment. One of my appointments is eligible, but the other is not. Am I eligible to participate?

No, both appointments must be eligible.

18. Are employees who are on leave eligible to participate?
Employees who are on approved Family Medical Leave (FML), Pregnancy Disability Leave, or receiving Workers' Compensation Benefits are eligible to participate.

19. **Are part-time employees eligible to participate?**

   Yes, part-time employees are eligible to participate.

20. **Can I apply for VSP even though I have already told my department that I retiring later this year?**

   No, if you have already filed retirement paperwork with RASC, you are not eligible for the VSP program.

21. **If an employee is on a temporary layoff during the application and approval period can they still apply to the VSP?**

   Yes, but it will likely not be approved.

### Health & Welfare Benefits

22. **What happens to my health and welfare benefits if I elect to separate under the VSP?**

   The answer depends on whether you are electing to retire and the specific health and welfare benefit. See the [Termination of Employment Benefits](#) for more information.

23. **What happens to my University of California Retirement Plan (UCRP) contribution if I separate under the VSP but do not retire?**

   - If you are vested (i.e., have 5 or more years of UCRP service credit), your accumulations will remain in the Plan.

   - If you are not vested, contact [UC Retirement Administration Service Center](#) at (800) 888-8267 (option 4), Monday-Friday, 8:30am-4:30pm (PT).

24. **Before I apply for consideration, I would like to know what my retirement income would be. How do I get that information?**

   There are three ways to obtain an estimate of your retirement benefit:

   - Sign in to [UCRAYS](#) and select “Retirement Estimates” to see a personalized estimate of basic retirement income and lump sum cashout based on your current payroll data.

   - Contact the [UC Retirement Administration Service Center (RASC)](#).

   - Read the [University of California Retirement Handbook](#) for additional information.

25. **If I participate in the VSP and choose to retire, will my UC retirement income change in any way?**
No. Your UC retirement income will be the same as it would be if you were not participating in the program.

26. **What happens to my Capital Accumulation Provision (CAP) benefit if I separate?**

If you retire, you must take a distribution or rollover of your CAP benefit. If you leave UC employment but remain an inactive member of the UC Retirement Plan (UCRP), you may take a portion or all of your CAP funds or leave it with UC. Any funds that remain in the CAP account after your separation continue to earn interest. Please review the [Special Tax Notice for Plan Distributions](#) on UCnet for more information.

27. **What is the effect on my DC Plan, 403(b) Plan or 457(b) Plan?**

Contributions stop with your last paycheck. You will be eligible for distributions from the DC Plan, the 403(b) Plan and the 457(b) Plan according to the Plan rules regarding separation from service. If you have a balance of $2,000 or more in a single plan (e.g., the 403(b) Plan) after separation from UC service, you may keep your account with Fidelity. Please contact Fidelity for complete details and review the [Special Tax Notice for Plan Distributions](#).

28. **Can I make a tax-deferred contribution from my final paycheck (which will include final wages, terminal vacation pay, and severance pay) to my 403(b) and/or 457(b) Plans?**

Yes, employees who are separating from employment pursuant to VSP are eligible to make tax-deferred contributions from their final paycheck to their University of California Tax-Deferred 403(b) Plan and 457(b) Deferred Compensation Plan.

29. **Do I need to take any action to ensure that a tax-deferred contribution is deducted from my final paycheck?**

- Employees who contribute on a percentage basis (e.g., 10% contribution) are not required to make any changes.
- Employees who contribute a flat dollar amount (e.g., $400 per month), however, must change their elections to percentage-based deductions.

You may make changes by logging in at [http://www.netbenefits.com](http://www.netbenefits.com) or by contacting Fidelity at 1-866-682-7787, Monday-Friday, 5:00 a.m.-9:00 p.m.

30. **Can I change my 403(b) and/or 457(b) contribution amounts?**

Yes, you may change your contribution amounts, but please note that contributions are subject to the IRS’s 2020 Maximum Annual Contribution (MAC) limits outlined below:

- If on 12/31/2020 you will be 49 years of age or younger, your MAC is $19,500
If on 12/31/2020 you will be 50 years of age or older, your MAC is $26,000

31. Where do I go if I have additional questions regarding changes to my 403(b) and 457(b) Plans?

If you need assistance in calculating your contribution amounts, please contact Fidelity at 1-866-682-7787, Monday-Friday, 5:00 a.m.-9:00 p.m. PST. Please have your salary and severance amounts available.

32. May I participate in VSP if I have a pending Lincoln Financial and/or UCRP Disability Income claim?

A pending claim may impact your eligibility to participate in the program. Please contact UCPath for information.

33. If I separate under VSP, am I eligible for unemployment insurance?

The State of California determines eligibility for Unemployment Insurance benefits. See the California Employment Development Department’s Unemployment Insurance web page for more information.

34. Will I get UCRP service credit for the severance period?

No. In addition, your severance payment does not affect your Highest Average Plan Compensation (HAPC) calculation.

Severance Calculation & Payment

35. How is the severance payment calculated under VSP?

Severance is calculated from the employee’s most recent hire date without a break in service.

For non-represented employees, consistent with current policy, VSP entitles the employee to severance pay based on classification and years of service:

- **Professional and Support Staff (PSS)** will receive severance pay in the amount of one (1) week’s pay (annual base salary divided by 2088 hours x 40 hours) for each full year of service up to a maximum of 16 weeks’ pay.

- **Managers and Senior Professionals (MSP)** will receive severance pay in the amount of one (1) month’s pay (1/12 of annual base salary) for each full year of service up to a maximum of six (6) months’ pay.

The maximum severance allowed under the VSP is $150,000.

36. What is considered a break in service for purposes of calculating service credit?
A break in service is any separation from employment status.

37. **Do furloughs count as breaks in service?**

   No.

38. **Does an approved leave of absence without pay count as a break in service?**

   No.

39. **Should I project my service credit to the separation date of October 30, 2020?**

   Yes.

40. **Do years of service for calculating severance include only years at UC Berkeley or does it include all UC years of service?**

   All full years of your UC service are included in the calculation, provided you have not had a break in service. UC employment prior to a break in service is not included when calculating severance.

41. **Is sick leave added to my years of service for the purpose of the VSP payout?**

   No, sick leave is not included in the calculation. If you retire, your sick leave will be converted to retirement service credit.

42. **If my application is approved, when will I receive the severance payment?**

   If you are **age 40 or older**, you will receive your severance pay on the date in your separation agreement but in no event prior to the 7-day revocation period.

   If you are **under age 40**, you will receive your severance pay either (1) the date you sign the release; (2) your separation date; or (3) at the granting of exceptional approvals, whichever is later.

43. **Are taxes withheld from severance payments?**

   Yes, severance payments are considered taxable income.

44. **Will UCRP be deducted from the severance payments?**

   Yes

45. **If I am reemployed with the University of California after the expiration of the 3-year VSP period, will my employment and retirement service credit pick up from**
the date I separated?

Yes, both employment and retirement service credit are cumulative.

46. **If I am reemployed by the University of California in a UCRP-eligible position after the expiration of the 3-year VSP period, which Tier will I accrue benefits under.**

You will accrue benefits under the current 2016 Tier. This will result in a multi-tier pension at time of retirement. Contact [RASC](mailto:RASC) for more information.

47. **If I do not apply for separation under VSP, but am later involuntarily laid off, will I receive severance pay?**

If you are involuntarily laid off after the conclusion of VSP, you may be eligible to elect severance pay in accordance with the applicable personnel policy.

48. **Who will pay the severance costs?**

Departments are responsible for paying the severance costs from salary savings.

49. **Can employees defer the severance payment until 2021 for tax purposes?**

50. **I still have questions that are not addressed. Who do I contact with my question?**

Send your question to VSP2020@berkeley.edu