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Owner	Janet Nix: Chief Human Resources Officer
Area	2.0 Human Resources - Procedures

Vacation Cash Out Procedure, 2.22.01

PROCEDURE DESCRIPTION

In support of Yavapai College (the College) policy, Vacation Cash Out, 2.06, this procedure outlines the necessary processes to be eligible for Vacation Cash Out benefits.

PROCEDURE RESPONSIBILITY

This procedure is developed and administered by the Chief Human Resources Officer (CHRO) or their designee.

PROCEDURE

I. Annual Cash Out of Vacation

- A.** Eligible Employees who have accumulated vacation in excess of 40 hours will have an opportunity to cash out those hours or continue to accrue hours for future leave use.
- B.** The maximum number of hours an Employee can cash out cannot exceed the total accrued vacation hours in a calendar year.
- C.** Employees must submit and authorize vacation hours for cash out to askhr@yc.edu by December 31st of the prior calendar year to be eligible to receive their cash out payment the following year. Cash out options cannot be revoked once exercised.
- D.** IRS requires vacation cash out hours to be for any hours accrued in the calendar year following the cash out election in the preceding year and only for those hour accrued up to the date of payout. Further, the vacation balance must be above 40 hours at the time of election to be eligible

for cashing out vacation hours.

E. If, at any time of actual payment, Employees vacation accruals are less than the originally elected, the cash out will be reduced to the actual level accrued.

F. Employees will be paid one (1) hour of their base salary at the time of the vacation cash out for every hour cashed out.

G. The maximum vacation benefit an Employee may have at any time shall not exceed two (2) times their annual accrual rate.

H. Once an Employee reaches this cap, they will not accrue any additional vacation until the balance is reduced through use or cashing out.

II. Vacation Hours Cash Out Due to Hardship

A. In compliance with IRS regulations on vacation time cash outs, Employees will be allowed to cash out vacation hours in the event of an unforeseen financial emergency.

B. An unforeseen financial emergency is one in which:

1. An Employee can demonstrate they have a real financial emergency caused by an event beyond their control;
2. It would result in serious financial hardship if the cash payment were not made; and
3. The amount of cash payment is limited to the amount necessary to meet the emergency.

C. The IRS qualifies such events as follows:

1. Medical expenses
2. Family loss of income due to reduced income or spouse's/domestic partner's loss or reduction of income
3. Foreclosure of eviction from a principal residence (*identify the unforeseen emergency that prevented payment of rent or mortgage*)
4. Funeral and burial expenses
5. Repairs to a principal residence because of a casualty loss

III. The following are the guidelines when requesting vacation cash out due to hardship:

A. The Employee must have a remaining balance of 40 hours of accrued vacation after vacation cash out is made.

B. The request to cash out vacation hours must be made on the *Request Form to Cash Out Vacation Time Due to Hardship* and submit with supporting documentation, as outlined on the form, to askhr@yc.edu for approval and processing.

C. The vacation cash out rate will be the Employees pay rate at the time of the actual cash out.

- D. The vacation cash out will be processed in the following pay period after the Employees request is received at: askhr@yc.edu.
- E. If the cash payment request is received by the last day of the pay period, the cash out payment will be made on the following pay date.
- F. The Employee will receive their vacation cash out payment as a separate deposit by the same method set up for their regular paychecks.

REFERENCES

- Request to Cash Out Vacation Time Form
- Request to Cash Out Vacation Time Due to Hardship Form

PROCEDURE HISTORY

Procedure created 04/09/2024

Approval Signatures

Step Description	Approver	Date
Formatting and Administrative	Jamie Oltersdorf	Pending
Procedure Owner	Jamie Oltersdorf	4/18/2024