



## Voluntary Unpaid Leave FAQs

System Office HR – Total Rewards Division

### Additional Documents:

Minnesota State Statute – [43A.49](#)

Minnesota Management & Budget – [HR/LR General Memo #2014-3](#)

Minnesota State – [Voluntary Reduction in Hours/Salary Savings Leave](#)

#### 1. Are voluntary unpaid leave of absences allowed at Minnesota State?

- Minnesota State Colleges and Universities may allow each employee to take an unpaid leave of absence for up to 1,040 hours in each two-year period beginning July 1 of each odd numbered year.
  - Example: effective 7/1/2019 through 6/30/2021 an employee could use 1,040 of voluntary unpaid leave.

#### 2. What is the purpose voluntary unpaid leave?

- The consistent purpose of the statutory/bargaining agreement provisions is to generate salary savings in order to reduce deficits or reduce layoffs otherwise necessary.

#### 3. Can all Minnesota State employees be approved for voluntary unpaid leave usage?

- Certain collective bargaining agreements/plans include provisions for voluntary unpaid leave of absence. For further information refer to the [specific citations](#) in the agreement/plans that cover Minnesota State employees.

#### 4. Working a reduced schedule will impact my retirement contributions. Can additional retirement contributions be made on the difference between the reduced salary/FTE and the full 1.0 FTE base salary?

- Yes, but the buyback process varies by your primary retirement plan, such as MSRS, TRA, PERA or IRAP

#### 5. Defined Contribution (DC) / Individual Retirement Account Plan (IRAP) repurchase:

- Employees can choose to purchase additional IRAP coverage. Additional contributions can be made on the unearned salary. The additional amounts are entered into payroll upon submission of the *Voluntary Leave IRAP LOA Purchase* form found on the Retirement Administration Resources SharePoint page.

## Defined Benefit (DB) – TRA/MSRS/PERA – Repurchase

- **TRA** all leaves must be reported to TRA by the employer, whether paid or unpaid. Once leave is reported to TRA the employee will receive a confirmation letter from TRA. The leave of absence letter explains the following:
  - Eligibility to purchase service credit for leave
  - How the purchase service credit will be calculated
  - When employee and employer can expect correspondence from TRA with the cost and payment deadline to purchase leave.
- **MSRS** will pick up the voluntary unpaid leave from SEMA4 coding and will contact the employee. However, it is recommended that the employee call [MSRS](#) to make certain that they receive the appropriate information about the purchase of the service credit.
- **PERA** employee may also request to purchase service credit for a Voluntary Unpaid Leave of Absence. [PERA](#) member services must be contacted form information and reporting.

### 6. Will the use of voluntary unpaid leave impact my average earnings over the highest five successive years of employment (High-5), retirement plan annuity calculation?

- It may, it depends on when the employees consecutive high-5 years occur. Following is an example on the possible impact of not purchasing DB plan service credit:

| High 5 - employee chose to pay retirement based on full salary |           |              |
|--|-----------|--------------|
| Year   | Salary    | High 5 Avg.  |
| 2020   | \$ 77,265 | \$ 73,587.00 |
| 2019   | \$ 75,380 |              |
| 2018   | \$ 73,542 |              |
| 2017   | \$ 71,748 |              |
| 2016   | \$ 69,998 |              |
| 2015   | \$ 68,291 |              |

| High 5 with Unpaid Leave / no retirement purchase |           |              |
|---|-----------|--------------|
| Year  | Salary    | High 5 Avg.  |
| 2020  | \$ 65,000 |              |
| 2019  | \$ 75,380 | \$ 71,792.00 |
| 2018  | \$ 73,542 |              |
| 2017  | \$ 71,748 |              |
| 2016  | \$ 69,998 |              |
| 2015  | \$ 68,291 |              |

Difference in High-5 salary is \$1,798.

Employees should work directly with a DB plan consultants for information on impact to retirement annuity calculations.

### 7. Does the voluntary unpaid leave change the employee's insurance eligibility or employer contribution?

- No. The employee's insurance eligibility and the employer contribution continue as if the employee actually worked the leave hours.