
1. **ANNUAL BUY BACK OF ACCUMULATED SICK LEAVE**

The VEBA HRA (Health Reimbursement Arrangement) plan allows eligible school district employees to contribute their annual sick leave buy back to a tax-free health reimbursement plan account. This account may be used to reimburse pre- and post-retirement health care costs for you, your spouse, and qualifying dependents.

- Eligible expenses include, but are not limited to:
  - Medical, dental, and vision premiums
  - Deductibles and co-payments
  - Other *qualified* over-the-counter medicines and drugs

**A. What determines that an employee is eligible to buy back sick leave annually (January) AND have the money transferred into VEBA?**

- These employees have at least 180 days of sick leave in their accumulated sick leave balance prior to July 1st of the current contract year.

- All sick leave converted for the annual buy back (up to a maximum of 12 days) will be deducted from the employee’s sick leave balance.

- If an employee group adopts this VEBA funding source, any employee with at least 180 days of accumulated sick leave must initiate a VEBA enrollment and have the annual sick leave buy back money transferred into the VEBA account.

- In January, employees may apply to the payroll department to buy back unused sick leave (up to a maximum of 12 days) which was earned the previous year, into monetary compensation at the rate of one (1) day paid for each (4) four days cashed out. *Reminder: These employees have a sick leave balance of at least 180 days.*

- 12 days x 25% = 3 paid days. The full 12 days of sick leave are subtracted from the sick leave balance.
If your employee group has voted YES to adopt sick leave contributions into VEBA at the time of retirement or separation, the employee has only two options: enroll in a VEBA account and accept the payment or forfeit their entire sick leave cash out.

**B. What determines that an employee is eligible to buy back sick leave annually (January), but is NOT eligible to transfer money into VEBA?**

- Employees must have an accumulated sick leave balance of at least 60 days, but not more than 180 days.
- Eligible employees may buy back unused sick leave days provided that their sick leave balance remains at no less than 60 days after the buy back is processed.
- All sick leave converted for the annual buy back (up to a maximum of 12 days) will be deducted from the employee’s sick leave balance.
- In January, employees may apply to the payroll department to buy back unused sick leave (up to the maximum of 12 days) which was earned the previous year in excess of the 60 days, into monetary compensation at the rate of one (1) day paid for four each (4) days cashed out.
- 12 days x 25% = 3 paid days. The full 12 days of sick leave are subtracted from the sick leave balance.

**C. Is annual sick leave buy back considered reportable compensation to the Department of Retirement Systems?**

- Sick leave buy back is excluded from reportable compensation for school district employees.

**2. SICK LEAVE CASH OUT AT THE TIME OF RETIREMENT OR SEPARATION**

The VEBA HRA plan allows school district retirees and eligible employees who separate from service to contribute their sick leave cash-out tax-free to a medical reimbursement plan account. This account may then be used to reimburse out-of-pocket health care costs for you, your spouse and qualifying dependents.
Eligible expenses include, but are not limited to:
- Medical, dental, and vision premiums
- Deductibles and co-payments
- Other qualified over-the-counter medicines and drugs

The earned sick leave hours at the time of retirement or separation from employment will be compensated at the rate of one (1) day paid for each four (4) days cashed out, not to exceed 180 days. This sick leave cash out will be processed on the employee’s final payroll warrant.

A. What determines that an employee is eligible to buy back sick leave at the time of retirement?

- In order for an employee to receive sick leave cash out at the time of retirement, they must immediately begin receiving state retirement pension benefits.

B. What determines that an employee is eligible to buy back sick leave at the time of separation?

- The employee must be a TRS or SERS Plan II member and age 55 or older with 15 years of service OR
- The employee must be a TRS or SERS Plan III member and age 55 or older with 10 years of service.

  Important Note: Plan 1 members can only cash out sick leave at the time of actual retirement, not separation. However, sick leave can be transferred to other public school districts within Washington State if an employee accepts a job elsewhere.

C. Is sick leave cash out at the time of retirement or separation considered reportable compensation to the Department of Retirement Systems?

- Sick leave cash outs are excluded from reportable compensation for school district employees.

3. VACATION CASH OUT AT THE TIME OF RETIREMENT

Vacation cash out at the time of retirement or separation from service will be processed on the employee’s final payroll warrant, which is paid out the month
following termination date. If an employee group adopts this VEBA HRA funding source, all members defined as eligible must participate.

- If your employee group has voted YES to adopt vacation leave contributions into VEBA at the time of retirement or separation, the employee has only two options: enroll in a VEBA account and accept the payment or forfeit their entire vacation leave cash out.

- An employee can only cash out 30 days of vacation pay over a 2 year period which includes any annual vacation cash out paid out in July. Be careful in your decision to cash out vacation on an annual basis if you are within 2 years of your retirement.

A. Is vacation cash out at the time of retirement considered reportable compensation to the Department of Retirement Systems?

- Vacation cash outs are excluded from reportable compensation for school district employees who are members of the following retirement systems and plans:

  TRS Plan 2
  TRS Plan 3
  SERS Plan 2
  SERS Plan 3

- Vacation cash outs are considered reportable compensation for school district employees who are members of the following retirement systems and plans:

  TRS Plan 1
  PERS Plan 1