



FAQS FOR THE DECEMBER 1, 2010 BONUS

ELIGIBILITY

1. Who is eligible for the bonus?

All salaried employees (classified, at-will, and faculty) in the Executive branch and other salaried employees of the Commonwealth, except elected officials, who were employed on June 30, 2010 and who remain employed on December 1, 2010 are eligible.

2. How much is the bonus?

The bonus is 3% of an employee's annual base pay rate that is in effect on December 1, 2010.

3. May agencies elect to pay the bonus to hourly employees?

Agencies are not authorized to provide the December 1, 2010 bonus to wage employees.

4. Will employee performance ratings affect eligibility for the bonus?

No. There is no performance requirement for eligibility for the bonus payment.

5. Are employees whose salaries are at the top of their pay bands eligible for the bonus?

Yes.

6. Are employees separating or retiring on December 1, 2010, (i.e. the last day of employment is November 30) eligible for the bonus?

No. Employees must remain employed on December 1, 2010, in order to be eligible to receive the bonus.

7. If someone is hired as a wage employee on or before June 30, 2010, becomes a classified employee after June 30 but before December 1, and remains employed through December 1, is s/he eligible to receive the bonus?

No.

8. If an employee was on Long-Term Disability, non-working, on June 30, 2010, but returns to work before December 1, 2010, is he or she eligible for the bonus?

No. If the employee is on Long-Term Disability, non-working, on either June 30, 2010 or December 1, 2010, the employee is not eligible.

9. If an employee separates from state service after June 30, 2010 and is reemployed by the same or a different agency before December 1, 2010, is he or she eligible for the bonus?

No. A break in service between June 30, 2010 and December 1, 2010 disqualifies the employee for the bonus payment. NOTE: Be sure that the state begin date is correct for any employee who transfers from a non-PMIS agency into a PMIS agency during this time period.

PAYMENT

10. When will the bonus be paid?

The bonus will be paid on December 1, 2010.

11. How will the bonus be paid? Will there be a separate paycheck for the bonus?

The bonus will be included in the December 1, 2010 paycheck. There will be no separate check.

12. Is the bonus calculated on base pay or total state pay?

Bonus payments will be based on each employee's base salary in effect on December 1, 2010. For this purpose, base salary is that part of the employee's annual compensation that is creditable for contributions to the Virginia Retirement System. Bonus payments for full-time and part-time salaried employees should be rounded up or down to the nearest dollar (e.g., .5 and above rounds up).

Agencies will need to adjust bonus amounts manually for any employees whose salaries change (effective December 1, 2010 or earlier) after the November 16, 2010 PMIS file extract.

13. How can employees estimate their bonus payment?

The amount of the bonus is calculated by multiplying the annual base salary rate that is in effect on December 1, 2010, by 0.03. Remember that the income tax withholding and social security amounts will be subtracted from this amount.

14. How can employees determine their base pay?

This information is available in your online [Employee Direct Account](#) or from your agency human resource office.

15. Is Temporary Pay included in the bonus calculation?

No.

16. Is overtime pay included in the bonus calculation?

No.

17. Do "non-state salary" supplements count toward the calculation of the 3%?

Yes. The bonus payment may include non-state salary to the extent that the non-state fund source agrees to pay for its portion. Agencies will need to determine manually any adjustments to employees' bonus amounts based on non-state salaries.

18. Do special rates count toward the calculation of the 3%?

Yes. Special rates that are always included in the employee's pay, such as for permanent assignment to a late shift, are considered creditable compensation and will be included in the bonus calculation.

19. What tax rate will be applied to the December 1st paycheck?

The tax withheld from the bonus payment depends on your tax bracket. The Internal Revenue Service (IRS) provides tables used in payroll calculations to determine the amount withheld for federal taxes. Because the bonus amount will be added to the regular semi-monthly pay amount and taxed as one lump sum, it is possible a different tax rate will be used for this payment.

Employees who receive a bonus payment and who participate in a 403(b) Plan may contribute some of, or the entire bonus to their Plan in order to defer the state and federal income tax. Contact the Payroll Office of your employing agency for instructions.

20. How is base pay affected by the bonus?

There will be no change in base pay as a result of this one-time bonus payment.

PAYMENT ALTERNATIVES

21. Can employees choose an equivalent value of paid time off?

No.

22. Can all or part of the bonus be deposited into Deferred Compensation?

Yes.

23. What is the process for depositing the bonus payment into Deferred Compensation?

Employees who receive a bonus payment on December 1, 2010, and who participate in the state's 457 Plan may contribute some or all of the bonus to their Plan in order to defer state and federal income tax on the bonuses. To contribute their bonuses to the Plan, currently enrolled participants can submit to their payroll office, by November 12, 2010, a Payroll Authorization One-Time Deferral form(s) available on the Plan Web site, at www.varetire.org. Under the Defined Contribution Plan tab select the 457 Deferred Compensation Plan and then select Forms from the top navigation bar. Employees will enter the amount of the bonus they wish deferred or "net", if they wish the entire amount deferred.

FICA tax must be paid on the amount that is contributed and the annual maximum deferral amounts continue to apply.

State employees who are planning to enroll in the 457 Plan and take advantage of this tax-deferred savings opportunity should submit the Enrollment and Beneficiaries to ING, the Plan record keeper, by November 1, 2010. Send the Enrollment and Beneficiary Designation Forms to the address on the forms.

Employees may enroll by phone by calling the toll free Plan Information Line at 1-VRS-DCPLAN1 (1-877-327-5261). Select Option 1 from the main menu, press 0 and follow the prompts to be transferred to a representative of assistance.

If the employee has the password sent by ING when they became the record keeper, enrollment can be done online. The employee would go to www.varetire.org and select Account Log-IN under the Defined Contribution Plans tab.

24. Can employees defer the bonus from CY2010 to CY2011?

No. If the payment is deferred, the deferral must be based on the December 1, 2010 effective date and it must count toward the Calendar Year 2010 maximum deferral amount.

25. Can the bonus payment be direct deposited into another IRA?

Employees interested in doing so are strongly encouraged to transfer the bonus payment from an existing direct deposit account to other personal accounts themselves rather than establishing one-time direct deposit accounts for the purpose of this one-time payment.

EFFECT OF THE BONUS ON OTHER BENEFITS AND PAYMENTS

26. Is the bonus considered creditable compensation for retirement income purposes?

No, bonus payments are not considered to be creditable compensation.

27. Will the bonus affect an employee’s overtime pay rate?

No. The bonus payments are considered discretionary, and agencies will not be required to count them as part of regular hourly rates when computing overtime payments to employees who are covered (non-exempt) by the Fair Labor Standards Act (FLSA).

EFFECT OF LEAVE ON BONUS PAYMENTS

28. What happens to employees on leave June 30, 2010?

Being on paid or unpaid leave, other than VSDP Long-Term Disability non-working, on June 30, 2010 does not disqualify classified employees from receiving the December 1, 2010 bonus payment.

29. What happens if an employee goes into Long-Term Disability non-working after June 30, 2010 and returns to a paid status before December 1, 2010?

A classified employee in this situation is eligible for the December 1, 2010 bonus payment. NOTE: It may be necessary for agencies with employees in this situation to request non-routine processing of the bonus by DHRM.

30. What happens to employees on leave December 1, 2010?

A classified employee who is on paid or unpaid leave on December 1, 2010 may have his or her award affected as indicated in the chart below:

LEAVE TYPE	EFFECT ON BONUS
Annual, Sick, Overtime, Compensatory, Family and Personal, Community Service, Military, Bone Marrow or Organ Donation, Recognition, Administrative, Workers’ Compensation, VSDP Short-Term Disability	Paid on 12/1/2010 based on VRS-creditable PMIS salary on 12/1/10.
Educational Leave-paid	Bonus applied to current PMIS earnings; balance paid on return to work based on pre-leave VRS-creditable PMIS salary.
Educational Leave-unpaid	Paid when employee returns to work, based on pre-leave (12/1/10) VRS-creditable PMIS salary.

VSDP Long-Term Disability, non-working	Employee is not eligible for a bonus payment.
VSDP Long-Term Disability, working	Paid on 12/1/10, based on VRS-creditable PMIS salary on 12/1/10.
Leave Without Pay-Layoff	<p>Paid only upon recall or placement in original agency (based on former salary) if no later than 6/9/11.</p> <p>Paid if on LWOP-Layoff on 6/30/10 and is re-hired by a different agency prior to 12/1/10.</p>
Temporary Workforce Reduction- non-working	Paid based on VRS-creditable PMIS salary on 12/1/10 when employees is reinstated from leave.
Temporary Workforce Reduction- reduced hours	Paid on 12/1/10 based on (<u>unreduced</u>) VRS-creditable PMIS salary on 12/1/10.
Leave Without Pay-Military	Paid when employee returns to work, based on VRS-creditable PMIS salary on 12/1/10.
Leave Without Pay-Other	Paid when employee returns to work, based on VRS-creditable PMIS salary on 12/1/10, if return is prior to 6/10/11.
Non-Working 9-11-month (Full-time) Classified Employees	Bonus is granted when employee returns to work, based on VRS-creditable PMIS salary on 12/1/10.

NOTE: The rules outlined above are based on policies that apply to classified employees. Agencies with non-classified employees should follow their agency leave policies and procedures.