

Retirement

Resources:

- [State Finance Policies and Procedures 05-03.06, 05-03.07 and 05-03.08.](#)
Important note: Linking to the State Accounting Policy and Procedure Manual may open a new tab.
- [See Section 07-03.04 Forms and Instructions](#) for FI48 Employee Reimbursement/Earnings examples such as [Cash Equivalent](#).
- See also Section [07-03.02 Employee Recognition](#)
- Courts Human Resources Policy – [HR06-7 Incentive Awards and Bonuses](#)

Policy:

Court employees who retire may receive a retirement gift or cash up to \$200 in value. For the purposes of this policy, gift certificates or gift cards are considered to be cash awards. It is not the intention of this policy to combine gifts and cash in order to reach the maximum value of a retirement gift. Employees leaving court retirement for any reason other than retirement are not entitled to this benefit.

Cash Retirement Award Procedure:

1. A cash award (up to \$200) must be distributed to retiring employees through payroll.
2. A cash award must be paid out **at least one pay period prior** to the retiring employee's final paycheck.
3. All cash awards are taxable to the employee. To mitigate the impact of taxes on cash awards, an amount equivalent to 30% of the cash award may be included with the award.
 - a. Cash retirement awards are entered into payroll using form FI 48
 - b. The cash award amount (usually \$200) is entered as wage type 1153
 - c. The 30% tax equivalent is entered as wage type 1153
4. A retirement award ***purchased by the awarded employee and reimbursed*** by the Courts is considered a cash award and is taxable.
5. Refer to the Form FI 48: [Retirement Service Award-Cash example](#)

Cash Equivalent Retirement Award Procedure:

1. Cash equivalent awards (gift certificates or gift cards) valued up to \$200 are entered into payroll using wage type 1128 and the 30% equivalent taxes entered using wage type 1139.
2. Refer to the Form FI 48: [Retirement Service Award-Cash Equivalent example](#)

Non-cash Retirement Award Procedure:

1. Non-cash awards such as pins, jewelry, watches, etc. valued up to \$200 may be given as retirement gifts in lieu of a cash or cash equivalent award.
2. Awards in this category are not taxable to the retiring employee.

Retirement group gatherings

1. A group gathering may be held for employees retiring from court service.
2. The cost of refreshments for a retirement group gathering should not exceed \$10.00 per person based on estimated attendance. Court executives may approve up to \$300.00 for refreshments if the expected attendance is small and the \$10.00 per person limit will be inadequate.
3. If the estimated costs exceed \$1,000, purchasing rules (obtain bids prior to obligating court funds) must be followed.
4. Employees leaving court employment for any reason other than retirement do not qualify for group gathering refreshments at court expense.

Other items

1. Plaques may be presented to retiring employees. The cost of a plaque and any engraving should not exceed \$50.
2. The value of a plaque is not considered as part of a retirement award.
3. Employees leaving court employment but not retiring are not eligible for any of the awards or gifts described in this section. Going away parties for non-retiring employees may not be paid with court funds.
4. No court funds may be used to purchase floral arrangements (live or artificial), professionally printed invitations, postage, etc. for a retirement function. The use of court letterhead, email or flyers to announce retirement functions is allowed.
5. Use FINET object code 6276 to record the costs for retirement functions. All purchasing and finance policies must be followed.
6. Personal expenses for retirement functions may be reimbursed using form FI48 or through the regular FINET payment payables process.
7. For policy regarding a request for an award or incentive to incentivize retirement see [Courts Human Resources Policy – HR06-7 Incentive Awards and Bonuses.](#)