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HRDG 4630 - Absence and Leave - Section B - Subsection g

Last Modified:

Subchapter 4630 - Absence and Leave
Section B - Annual Leave
Subsection g - Lump Sum Payments

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A cash payment (lump sum) for unused annual leave, which includes restored leave, is paid when an employee:

- Separates from Federal service for 1 or more workdays.
- Changes or converts to an intermittent work schedule and is not expected to return to a full-time or part-time work schedule.
- Separates from and reenters Government service to a type of employment for which he/she is not eligible for transfer of leave. Included are:
 - Intermittent employment.
 - Employment as a temporary employee engaged in construction work at hourly rates of pay.
 - Work as an employee of the Senate or House of Representatives.
- Enters military furlough unless he/she elects to retain leave to his/her credit until he/she returns. However, lump sum payments for restored annual leave for employees who enter active military duty may not be reccredited when the employee returns to Federal service.
- Death.

Lump Sum Payment

In determining whether or not to make lump sum payments for unused annual leave, Programs must:

- Consider if the time in FT/PT duty status will permit the taking of leave in nonemergency situations
- Determine the expected duration of the intermittent status
- Consider what is in the Program's and employee's best interest and what is most beneficial to both parties
- Determine the amount of the lump sum that may be paid
- Determine the amount of refund that will be required upon the employee's return to a FT/PT status (e.g., the employee would only be required to repay the unused portion)

Reference: Federal Register, Vol. 64 No. 130, page 36764 col. 1, dtd July 8, 1999, and email from OHCM-USDA, dtd March 3, 2005.

If restored annual leave is included in a lump sum payment then it may not be reccredited if an employee is reemployed before the expiration of the lump sum period (5 CFR 550.1207 [a][3]).

Lump sum payments:

**Computation of
Lump Sum
Payment**

- Are computed on the basis of an employee's rate of pay at the time of separation, including the rate received as a result of grade and pay retention, supervisory differentials, and holidays (even though they may fall on nonworkdays).
- Cover the days an employee actually would have been in pay status if he/she were on the rolls, and
- Do not include nonworkdays falling within the lump sum period.

The period covered by the lump sum is not creditable as Federal service or for leave earning purposes.

Lump sum payments exclude: hazard duty pay, environmental differentials, Sunday premium pay, and retention allowances.

Documentation

Form [AD-581](#) , Lump Sum Leave or Compensatory Time Payments, must be completed to initiate payment for unused annual leave. A leave audit also must be completed in support of the AD-581 if there is a discrepancy between the NFC data base and the employee's time and attendance records. The management official with the authority to approve time and attendance records must sign the AD-581. Programs may choose to retain this authority at a higher level. The completed form (and audit, if appropriate) must be forwarded to the SPO for processing.

An employee must refund a lump sum payment to the gaining agency when he/she is:

Refund of Lump Sum Payment

- Reemployed to a leave-earning position. Only the unexpired period covered by the lump sum payment must be refunded. *Exception: Restored annual leave will **not** be re-credited.
- Restored after erroneous separation. The entire lump sum payment must be refunded.
- A retired Federal employee who received a lump sum payment, and is re-employed under a temporary appointment of less than 90 days before expiration of the lump sum leave period, may use the recredited annual leave during the temporary appointment.

Collection of the lump sum may **not** be waived. The lump sum may be paid in installments or in total, but it must be paid within 1 year after the date of reemployment.

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