

EMPLOYEE FACT SHEET

LUMP SUM PAYMENT FURLOUGH OPTION

If your position has been eliminated for reasons other than cause, and if your department has offered you the lump sum payment as an option to the longer notice period, following are some items for your consideration:

- Your vacation accrual available for payout will be smaller than it would be if you leave employment at the end of the longer notice period, since the accruals end sooner. This payout will be taxed at your earnings rate at whatever date it is paid.
- Lump sum payments would be taxed at a flat rate unrelated to your income level. This could result in a tax liability when filing annual taxes.
- If you want to continue health insurance, you will receive twelve months of coverage with a University of Iowa single contribution. You will be responsible for any costs above this consideration. COBRA coverage will be available after this period of time.
- The 90-day notice period provides a shorter window during which you would have priority consideration to vacant positions than does the longer notice period, meaning successful placement is less likely.
- If you return within one year of termination to University employment, you will retain your original employment date for purposes of parking priority and record of service with the University, and your original benefit date affecting retirement, disability and dental insurance. In addition, the University will restore your sick leave balance. (Vacation will have been paid out and will not be reinstated nor can it be purchased back.)
- If you return within one year of termination to University employment in a position with career status, you may retain the original career status date dependent upon the pay grade and classification of the position, per the University Operations Manual.