



Voluntary Unpaid Leave FAQs

System Office HR – Total Rewards Division

Additional Documents:

Minnesota State Statute – [43A.49](#)

Minnesota Management & Budget – [HR/LR General Memo #2014-3](#)

Minnesota State – [Voluntary Reduction in Hours/Salary Savings Leave](#)

1. Are voluntary unpaid leave of absences allowed at Minnesota State?

- Minnesota State Colleges and Universities may allow each employee to take an unpaid leave of absence for up to 1,040 hours in each two-year period beginning July 1 of each odd numbered year.
 - Example: effective 7/1/2019 through 6/30/2021 an employee could use 1,040 of voluntary unpaid leave.

2. What is the purpose voluntary unpaid leave?

- The consistent purpose of the statutory/bargaining agreement provisions is to generate salary savings in order to reduce deficits or reduce layoffs otherwise necessary.

3. Can all Minnesota State employees be approved for voluntary unpaid leave usage?

- Certain collective bargaining agreements/plans include provisions for voluntary unpaid leave of absence. For further information refer to the [specific citations](#) in the agreement/plans that cover Minnesota State employees.

4. Working a reduced schedule will impact my retirement contributions. Can additional retirement contributions be made on the difference between the reduced salary/FTE and the full 1.0 FTE base salary?

- Yes, but the buyback process varies by your primary retirement plan, such as MSRS, TRA, PERA or IRAP

5. Defined Contribution (DC) / Individual Retirement Account Plan (IRAP) repurchase:

- Employees can choose to purchase additional IRAP coverage. Additional contributions can be made on the unearned salary. The additional amounts are entered into payroll upon submission of the *Voluntary Leave IRAP LOA Purchase* form found on the Retirement Administration Resources SharePoint page.

Defined Benefit (DB) – TRA/MSRS/PERA – Repurchase

- **TRA** all leaves must be reported to TRA by the employer, whether paid or unpaid. Once leave is reported to TRA the employee will receive a confirmation letter from TRA. The leave of absence letter explains the following:
 - Eligibility to purchase service credit for leave
 - How the purchase service credit will be calculated
 - When employee and employer can expect correspondence from TRA with the cost and payment deadline to purchase leave.
- **MSRS** will pick up the voluntary unpaid leave from SEMA4 coding and will contact the employee. However, it is recommended that the employee call [MSRS](#) to make certain that they receive the appropriate information about the purchase of the service credit.
- **PERA** employee may also request to purchase service credit for a Voluntary Unpaid Leave of Absence. [PERA](#) member services must be contacted form information and reporting.

6. Will the use of voluntary unpaid leave impact my average earnings over the highest five successive years of employment (High-5), retirement plan annuity calculation?

- It may, it depends on when the employees consecutive high-5 years occur. Following is an example on the possible impact of not purchasing DB plan service credit:

High 5 - employee chose to pay retirement based on full salary		
Year	Salary	High 5 Avg.
2020	\$ 77,265	\$ 73,587.00
2019	\$ 75,380	
2018	\$ 73,542	
2017	\$ 71,748	
2016	\$ 69,998	
2015	\$ 68,291	

High 5 with Unpaid Leave / no retirement purchase		
Year	Salary	High 5 Avg.
2020	\$ 65,000	
2019	\$ 75,380	\$ 71,792.00
2018	\$ 73,542	
2017	\$ 71,748	
2016	\$ 69,998	
2015	\$ 68,291	

Difference in High-5 salary is \$1,798.

Employees should work directly with a DB plan consultants for information on impact to retirement annuity calculations.

7. Does the voluntary unpaid leave change the employee’s insurance eligibility or employer contribution?

- No. The employee’s insurance eligibility and the employer contribution continue as if the employee actually worked the leave hours.