

Reinstatement and Back-Pay Advisory

Applicability

All City of Fort Worth employees whose employment is reinstated through an appeal process.

Policy

The purpose of this policy is to provide guidelines for reinstatement and back-pay that occurs when an employee appeals an indefinite suspension, termination, or involuntary demotion, the appeal is granted, and the employee returns to work in their previous position as a result of prevailing in the appeal. This policy does not apply to a reinstatement resulting from a lawsuit filed by the employee against the City. The service record of reinstated employees will not reflect a break in service. Accrued leave benefits not paid upon indefinite suspension, termination, or involuntary demotion are reinstated and immediately available to the employee, unless the terms of the reinstatement specify otherwise.

Reinstatement and back-pay are calculated according to the table in Appendix A. The amount of City and employee pension contributions and any other required deductions are also calculated, and the employee's portion reduces the back-pay award. Employees must repay to the City monies paid to the employee upon indefinite suspension, termination, or involuntary demotion for accrued leave balances (with the exception of Vacation Leave, which is optional). The gross amount of the term payout further reduces the back-pay award. The income tax consequences, if any, of back-pay and any repayment by the employee will be determined under applicable tax laws.

Employees who are terminated are expected to make a good faith effort to find interim employment and provide proof of interim earnings to the City. The definition of interim earnings includes employment income, and any amount of money received from a third party by way of an insurance policy, or income replacement program, for income replacement in the event of job loss, inability to work, or indefinite suspension, termination, or involuntary demotion. It does not include money paid to the employee in their final paycheck for accrued leave. Employees are required to provide supporting documentation for all interim earnings. If any back-pay is due to the employee after accounting for employee pension contributions and term payouts, it is then reduced by the gross amount of income that the employee received, or should have received, during the appeal. Interim earnings can only reduce the back-pay award to, but not less than, \$0. Back-pay awards are then taxed according to IRS requirements.

Disagreements regarding the amount of offset or any amounts used in the calculations referred to herein, will be determined by the City Manager, or his or her designee. In cases where an employee has been reinstated following an appeal of an indefinite suspension, termination, or involuntary demotion, any back-pay awards should be reported to the Employees' Retirement Fund. The City shall make reasonable efforts to process the award of back-pay to the employee as soon as practicable from their date of return.

If the calculation of back-pay, including amounts prepaid for leave balances and employee pension contributions, results in the employee owing the City, the employee may owe the City for the difference. This determination shall be made on a case-by-case basis. If it is determined that the employee must repay the City for the difference, the employee must repay the City upon reinstatement unless a repayment agreement is negotiated between the employee and the Human Resources Director regarding the time frame and amount that the employee must reimburse the City. A signed repayment agreement must be completed by the reinstated employee within 90 days of the date of return, or the employee will be subject to the repayment conditions set by the City, which may include direct deductions from the employee's pay. Repayment conditions must be set before leave balances relating to termination payouts will be restored. The City will not process amended W-2's for reinstated employees.

Example calculations are found in Appendices B thru D.

Questions

For further information, please contact the Human Resources Department.



Appendix A – Reinstatement and Back-Pay Table

	Fire	Police	General
I. Compensation			
1 Base Pay ¹	Yes	Yes	Yes
2 Step Pay ²	Yes	Yes	N/A
3 Paid Holidays (up to 9 holidays per year) ³	Yes	Yes	Yes
4 Holiday Premium	No	No	N/A
5 Longevity Pay	Yes	Yes	Yes
6 Education Incentive Pay	Yes	Yes	Yes
7 Certification Incentive Pay	Yes	Yes	Yes
8 Sworn Fire Assignment Pays ⁴	Yes	N/A	N/A
9 Sworn Police Assignment Pays ⁵	N/A	Yes	N/A
10 Bilingual Pay	Yes	Yes	Yes
11 Clothing Allowance	Yes	Yes	Yes
12 Acting Pay	No	No	No
13 Overtime Pay	No	No	No
14 Shift Differential Pay	No	No	No
15 Pay for Performance	No	No	No
II. Accumulated Leave Balances⁶			
1 Sick Leave	Yes	Yes	Yes
2 Vacation Leave ⁷	Yes	Yes	Yes
3 Compensatory Time	Yes	Yes	Yes
4 Major Medical Sick Leave	N/A	N/A	Yes
5 Fire 40 Sick Leave	Yes	N/A	N/A
6 Short Term Sick Leave	Yes	Yes	Yes
7 Holiday accrual above the cap	Yes	Yes	Yes
III. Pension⁸			
1 The employee will be reinstated in the pension system without a separation period.			

NOTES:

1. Back-pay shall include base pay rate and account for Across-the-Board (ATB) increases. No special assignment pay for General employees will be considered. Base salaries for reinstatement of Police and Fire appointed ranks shall be at the discretion of the Police or Fire Chiefs, as applicable.
2. Step pay shall include any eligible base step pay increases and account for Civil Service Across-the-Board (ATB) increases, if any, as required by the applicable labor agreement.
3. Employee will be converted to a 40 hour per week schedule (Monday-Friday, 8 hours per day) during the reinstatement period, and the employee will be paid 8 hours for each holiday, but will not accrue holiday leave for any holiday during the appeal period.
4. Per Article 30 (Fire Incentive Pays) of the current Collective Bargaining Agreement. Incentive pays for Fire Civil Service are paid on a bi-weekly basis and will be included in the back-pay calculations.



5. Per Article 10 (Wages and Certain Special Pays) of the current Meet and Confer Agreement.
6. All accumulated leave balances that were paid out to the employee upon indefinite suspension, termination, or involuntary demotion (with the exception of Vacation Leave) shall be restored to include the employee's first date of return, and the cost of the hours will be deducted from the total back-pay to the employee. If the back-pay amount is not sufficient to cover the cost of the repaid leave hours, the employee must repay the City the difference, to be accomplished through a repayment agreement, signed by the employee within 90 days after the employee is informed of the amount owed, or the repayment may be accomplished through the repayment conditions set by the City, before any leave balances related to the employee's termination pay is restored.
7. Employees may choose whether to repay Vacation Leave balances that were paid out upon indefinite suspension, termination, or involuntary demotion, or be reinstated without restoring those Vacation Leave hours that were not repaid.
8. The Employee's portion of the pension contribution will be deducted from the employee's back-pay amount and remitted by the City to the Fort Worth Employees' Retirement Fund. Specific questions related to pension should be directed to the Fort Worth Employees' Retirement Fund.

If the reinstatement provisions herein are silent on specific reinstatement matters, those matters are **left to the discretion of the Civil Service Director.**

Appendix B – Reinstatement with Interim Earnings Less Than Amount Owed
 (Example for illustration purposes only)

Step 1 – Earnings for the separation period are calculated (\$20,789.80).

Pay Period Range	PP#	Hours	Hrly Rate	Base Pay	Longevity	Education Incentive Bachelors	Cert. Incentive L1	Personal	Sick Leave	Accrued Holiday	Vacation	Comp Time	Total Earnings
1/14/2023 - 1/27/2023	PP03	15.00	30.04	\$ 450.60	\$ -			\$ -	\$ -			-	\$ 450.60
1/28/2023 - 2/10/2023	PP04	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
2/11/2023 - 2/24/2023	PP05	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
2/25/2023 - 3/10/2023	PP06	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
3/11/2023 - 3/24/2023	PP07	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
3/25/2023 - 4/7/2023	PP08	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
4/8/2023 - 04/21/2023	PP09	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
4/22/2023 - 5/05/2023	PP10	80	31.55	\$ 2,524.00	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,738.00
5/6/2023 - 5/19/2023	PP11	80	31.55	\$ 2,524.00	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,528.00
													\$ 20,789.80

Step 2 – Employee and employer pension contributions (based on the amounts in step 1), and other required deductions are calculated.

Retirement Earnings	EE Retirement Contribution 14.73% - 2023	ER Retirement Contribution 27.36%	Association Fees**	Federal Taxable Wages	Federal W/H	EE Medicare	ER Medicare	2023 Interim Wages
\$ 450.60	\$ 66.37	\$ 123.28	\$ 17.00	\$ 384.23				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,738.00	\$ 403.31	\$ 749.12	\$ 17.00	\$ 2,334.69				
\$ 2,528.00	\$ 372.37	\$ 691.66	\$ 17.00	\$ 2,155.63				
\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ 13,435.18	\$ 2,955.74	\$ 194.81	\$ 194.81	\$ 2,500.00
	14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.

Step 3 – The gross amounts of the term payouts are entered (\$1,451.88). Note: the repayment of term payouts results in the restoration of leave balances.

Pay Period Range	PP#	Hours	Hrly Rate	Base Pay	Longevity	Education Incentive Bachelors	Cert. Incentive L1	Personal Holiday	Sick Leave	Accrued Holiday	Vacation	Comp Time	Total Earnings
1/14/2023 - 1/27/2023	PP03	15.00	30.04	\$ 450.60	\$ -			\$ -	\$ -			-	\$ 450.60
1/28/2023 - 2/10/2023	PP04	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
2/11/2023 - 2/24/2023	PP05	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
2/25/2023 - 3/10/2023	PP06	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
3/11/2023 - 3/24/2023	PP07	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
3/25/2023 - 4/7/2023	PP08	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
4/8/2023 - 04/21/2023	PP09	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
4/22/2023 - 5/05/2023	PP10	80	31.55	\$ 2,524.00	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,738.00
5/6/2023 - 5/19/2023	PP11	80	31.55	\$ 2,524.00	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,528.00
													\$ 20,789.80
Term Payout					\$ 20.40	\$ 260.00	\$ 60.00	\$ -	\$ 360.48	\$ 240.32	\$ 480.64	\$ 30.04	\$ (1,451.88)
Totals		655.00		\$ 19,917.80	\$ 11.60	\$ 460.00	\$ 60.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,337.92



Step 4 – The gross amount of interim earnings is entered (\$2,500.00).

Retirement Earnings	EE Retirement Contribution 14.73% - 2023	ER Retirement Contribution 27.36%	Association Fees**	Federal Taxable Wages	Federal W/H	EE Medicare	ER Medicare	2023 Interim Wages
\$ 450.60	\$ 66.37	\$ 123.28	\$ 17.00	\$ 384.23				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,738.00	\$ 403.31	\$ 749.12	\$ 17.00	\$ 2,334.69				
\$ 2,528.00	\$ 372.37	\$ 691.66	\$ 17.00	\$ 2,155.63				
\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ 13,775.58	\$ 3,030.63	\$ 199.75	\$ 199.75	\$ 2,500.00
	14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.

Step 5 – Federal taxable wages are calculated. In this example:

$$\text{Total Earnings } (\$20,789.80) - \text{Term Payout } (\$1,451.88) - \text{EE Retirement Contribution } (\$3,062.34) - \text{Interim Wages } (\$2,500.00) = \text{Federal Taxable Wages } (\$13,775.58)$$

Step 6 – Federal withholding and Medicare taxes are calculated.

Retirement Earnings	EE Retirement Contribution 14.73% - 2023	ER Retirement Contribution 27.36%	Association Fees**	Federal Taxable Wages	Federal W/H	EE Medicare	ER Medicare	2023 Interim Wages
\$ 450.60	\$ 66.37	\$ 123.28	\$ 17.00	\$ 384.23				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,738.00	\$ 403.31	\$ 749.12	\$ 17.00	\$ 2,334.69				
\$ 2,528.00	\$ 372.37	\$ 691.66	\$ 17.00	\$ 2,155.63				
\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ 13,775.58	\$ 3,030.63	\$ 199.75	\$ 199.75	\$ 2,500.00
	14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.

Step 7 – Net pay is calculated for a total of \$10,392.20 due to the employee.

\$19,337.92	\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ 13,775.58	\$ 3,030.63	\$ 199.75	\$ 199.75	\$ 2,500.00	\$ 10,392.20
		14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.	

$$\text{Total Earnings } (\$20,789.80) - \text{Term Payout } (\$1,451.88) - \text{EE Retirement Contribution } (\$3,062.34) - \text{Association Fees } (\$153.00) - \text{Federal Withholding } (\$3,030.63) - \text{EE Medicare } (\$199.75) - \text{Interim Wages } (\$2,500.00) = \text{Net Pay } (\$10,392.20)$$



Appendix C – Reinstatement with Interim Earnings More Than Amount Owed
(Example for illustration purposes only)

Step 1 – Earnings for the separation period are calculated (\$20,789.80).

Pay Period Range	PP#	Hours	Hrly Rate	Base Pay	Longevity	Education Incentive Bachelors	Cert. Incentive L1	Personal	Sick Leave	Accrued Holiday	Vacation	Comp Time	Total Earnings
1/14/2023 - 1/27/2023	PP03	15.00	30.04	\$ 450.60	\$ -			\$ -	\$ -			-	\$ 450.60
1/28/2023 - 2/10/2023	PP04	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
2/11/2023 - 2/24/2023	PP05	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
2/25/2023 - 3/10/2023	PP06	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
3/11/2023 - 3/24/2023	PP07	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
3/25/2023 - 4/7/2023	PP08	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
4/8/2023 - 04/21/2023	PP09	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
4/22/2023 - 5/05/2023	PP10	80	31.55	\$ 2,524.00	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,738.00
5/6/2023 - 5/19/2023	PP11	80	31.55	\$ 2,524.00	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,528.00
													\$ 20,789.80

Step 2 – Employee and employer pension contributions (based on the amounts in step 1), and other required deductions are calculated.

Retirement Earnings	EE Retirement Contribution 14.73% - 2023	ER Retirement Contribution 27.36%	Association Fees**	Federal Taxable Wages	Federal W/H	EE Medicare	ER Medicare	2023 Interim Wages
\$ 450.60	\$ 66.37	\$ 123.28	\$ 17.00	\$ 384.23				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,738.00	\$ 403.31	\$ 749.12	\$ 17.00	\$ 2,334.69				
\$ 2,528.00	\$ 372.37	\$ 691.66	\$ 17.00	\$ 2,155.63				
\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ (3,724.42)	\$ (819.37)	\$ (54.00)	\$ (54.00)	\$ 20,000.00
	14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.

Step 3 – The gross amounts of the term payouts are entered (\$1,451.88) (Note: the repayment of term payouts results in the restoration of leave balances.)

Pay Period Range	PP#	Hours	Hrly Rate	Base Pay	Longevity	Education Incentive Bachelors	Cert. Incentive L1	Personal Holiday	Sick Leave	Accrued Holiday	Vacation	Comp Time	Total Earnings
1/14/2023 - 1/27/2023	PP03	15.00	30.04	\$ 450.60	\$ -			\$ -	\$ -			-	\$ 450.60
1/28/2023 - 2/10/2023	PP04	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
2/11/2023 - 2/24/2023	PP05	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
2/25/2023 - 3/10/2023	PP06	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
3/11/2023 - 3/24/2023	PP07	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
3/25/2023 - 4/7/2023	PP08	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
4/8/2023 - 04/21/2023	PP09	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
4/22/2023 - 5/05/2023	PP10	80	31.55	\$ 2,524.00	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,738.00
5/6/2023 - 5/19/2023	PP11	80	31.55	\$ 2,524.00	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,528.00
													\$ 20,789.80
Term Payout					\$ 20.40	\$ 260.00	\$ 60.00	\$ -	\$ 360.48	\$ 240.32	\$ 480.64	\$ 30.04	\$ (1,451.88)
Totals		655.00		\$ 19,917.80	\$ 11.60	\$ 460.00	\$ 60.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,337.92



Step 4 – The gross amount of interim earnings is entered (\$20,000.00).

Retirement Earnings	EE Retirement Contribution 14.73% - 2023	ER Retirement Contribution 27.36%	Association Fees**	Federal Taxable Wages	Federal W/H	EE Medicare	ER Medicare	2023 Interim Wages
\$ 450.60	\$ 66.37	\$ 123.28	\$ 17.00	\$ 384.23				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,738.00	\$ 403.31	\$ 749.12	\$ 17.00	\$ 2,334.69				
\$ 2,528.00	\$ 372.37	\$ 691.66	\$ 17.00	\$ 2,155.63				
\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ (3,724.42)	\$ (819.37)	\$ (54.00)	\$ (54.00)	\$ 20,000.00
	14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.

Step 5 – Federal taxable wages are calculated. In this example, the interim wages reduce the federal taxable wages to a negative amount.

$$\begin{aligned} & \text{Total Earnings } (\$20,789.80) - \text{Term Payout } (\$1,451.88) - \text{EE Retirement Contribution } (\$3,062.34) \\ & - \text{Interim Wages } (\$20,000.00) = \text{Federal Taxable Wages } (-\$3,742.42) \end{aligned}$$

Step 6 – Interim wages can only reduce the back-pay award to zero, so federal taxable wages are changed to \$0, and net pay is reduced to \$0.

Total Earnings	Retirement Earnings	EE Retirement Contribution 14.73% - 2023	ER Retirement Contribution 27.36%	Association Fees**	Federal Taxable Wages	Federal W/H	EE Medicare	ER Medicare	2023 Interim Wages	Net Pay
\$ 450.60	\$ 450.60	\$ 66.37	\$ 123.28	\$ 17.00	\$ 384.23					
\$ 2,617.20	\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69					
\$ 2,407.20	\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62					
\$ 2,617.20	\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69					
\$ 2,407.20	\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62					
\$ 2,617.20	\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69					
\$ 2,407.20	\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62					
\$ 2,738.00	\$ 2,738.00	\$ 403.31	\$ 749.12	\$ 17.00	\$ 2,334.69					
\$ 2,528.00	\$ 2,528.00	\$ 372.37	\$ 691.66	\$ 17.00	\$ 2,155.63					
\$20,789.80										
\$ (1,451.88)										
\$19,337.92	\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ -



Appendix D – Reinstatement with Interim Earnings Less Than Amount Owed and Employee Chooses Not to Restore Vacation Leave
(Example for illustration purposes only)

Step 1 – Earnings for the separation period are calculated (\$20,789.80).

Pay Period Range	PP#	Hours	Hrly Rate	Base Pay	Longevity	Education Incentive Bachelors	Cert. Incentive L1	Personal	Sick Leave	Accrued Holiday	Vacation	Comp Time	Total Earnings
1/14/2023 - 1/27/2023	PP03	15.00	30.04	\$ 450.60	\$ -			\$ -	\$ -			-	\$ 450.60
1/28/2023 - 2/10/2023	PP04	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
2/11/2023 - 2/24/2023	PP05	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
2/25/2023 - 3/10/2023	PP06	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
3/11/2023 - 3/24/2023	PP07	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
3/25/2023 - 4/7/2023	PP08	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
4/8/2023 - 04/21/2023	PP09	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
4/22/2023 - 5/05/2023	PP10	80	31.55	\$ 2,524.00	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,738.00
5/6/2023 - 5/19/2023	PP11	80	31.55	\$ 2,524.00	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,528.00
													\$ 20,789.80

Step 2 – Employee and employer pension contributions (based on the amounts in step 1), and other required deductions are calculated.

Retirement Earnings	EE Retirement Contribution 14.73% - 2023	ER Retirement Contribution 27.36%	Association Fees**	Federal Taxable Wages	Federal W/H	EE Medicare	ER Medicare	2023 Interim Wages
\$ 450.60	\$ 66.37	\$ 123.28	\$ 17.00	\$ 384.23				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,738.00	\$ 403.31	\$ 749.12	\$ 17.00	\$ 2,334.69				
\$ 2,528.00	\$ 372.37	\$ 691.66	\$ 17.00	\$ 2,155.63				
\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ 14,256.22	\$ 3,136.37	\$ 206.72	\$ 206.72	\$ 2,500.00
	14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.

Step 3 – The gross amounts of the term payouts are entered (\$971.24). (Note: the repayment of term payouts results in the restoration of leave balances. In this example, the employee has chosen not to repay or restore vacation leave.)

Pay Period Range	PP#	Hours	Hrly Rate	Base Pay	Longevity	Education Incentive Bachelors	Cert. Incentive L1	Personal Holiday	Sick Leave	Accrued Holiday	Vacation	Comp Time	Total Earnings
1/14/2023 - 1/27/2023	PP03	15.00	30.04	\$ 450.60	\$ -			\$ -	\$ -			-	\$ 450.60
1/28/2023 - 2/10/2023	PP04	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
2/11/2023 - 2/24/2023	PP05	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
2/25/2023 - 3/10/2023	PP06	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
3/11/2023 - 3/24/2023	PP07	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
3/25/2023 - 4/7/2023	PP08	80	30.04	\$ 2,403.20	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,617.20
4/8/2023 - 04/21/2023	PP09	80	30.04	\$ 2,403.20	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,407.20
4/22/2023 - 5/05/2023	PP10	80	31.55	\$ 2,524.00	\$ 4.00	\$ 180.00	\$ 30.00	\$ -	4.62	-	6.96	-	\$ 2,738.00
5/6/2023 - 5/19/2023	PP11	80	31.55	\$ 2,524.00	\$ 4.00			\$ -	4.62	-	6.96	-	\$ 2,528.00
													\$ 20,789.80
Term Payout					\$ 20.40	\$ 260.00	\$ 60.00	\$ -	\$ 360.48	\$ 240.32	\$ -	\$ 30.04	\$ (971.24)
Totals		655.00		\$ 19,917.80	\$ 11.60	\$ 460.00	\$ 60.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,818.56



Step 4 – The gross amount of interim earnings is entered (\$2,500.00).

Retirement Earnings	EE Retirement Contribution 14.73% - 2023	ER Retirement Contribution 27.36%	Association Fees**	Federal Taxable Wages	Federal W/H	EE Medicare	ER Medicare	2023 Interim Wages
\$ 450.60	\$ 66.37	\$ 123.28	\$ 17.00	\$ 384.23				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,738.00	\$ 403.31	\$ 749.12	\$ 17.00	\$ 2,334.69				
\$ 2,528.00	\$ 372.37	\$ 691.66	\$ 17.00	\$ 2,155.63				
\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ 14,256.22	\$ 3,136.37	\$ 206.72	\$ 206.72	\$ 2,500.00
	14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.

Step 5 – Federal taxable wages are calculated. In this example:

$$\text{Total Earnings } (\$20,789.80) - \text{Term Payout } (\$971.24) - \text{EE Retirement Contribution } (\$3,062.34) - \text{Interim Wages } (\$2,500.00) = \text{Federal Taxable Wages } (\$14,256.22)$$

Step 6 – Federal withholding and Medicare taxes are calculated.

Retirement Earnings	EE Retirement Contribution 14.73% - 2023	ER Retirement Contribution 27.36%	Association Fees**	Federal Taxable Wages	Federal W/H	EE Medicare	ER Medicare	2023 Interim Wages
\$ 450.60	\$ 66.37	\$ 123.28	\$ 17.00	\$ 384.23				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,617.20	\$ 385.51	\$ 716.07	\$ 17.00	\$ 2,231.69				
\$ 2,407.20	\$ 354.58	\$ 658.61	\$ 17.00	\$ 2,052.62				
\$ 2,738.00	\$ 403.31	\$ 749.12	\$ 17.00	\$ 2,334.69				
\$ 2,528.00	\$ 372.37	\$ 691.66	\$ 17.00	\$ 2,155.63				
\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ 14,256.22	\$ 3,136.37	\$ 206.72	\$ 206.72	\$ 2,500.00
	14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.

Step 7 – Net pay is calculated for a total of \$10,760.13 due to the employee.

\$ 20,789.80	\$ 3,062.34	\$ 5,688.09	\$ 153.00	\$ 14,256.22	\$ 3,136.37	\$ 206.72	\$ 206.72	\$ 2,500.00	\$ 10,760.13
	14.73%	27.36%			22.00%	1.45%	1.45%	ABC Co.	

$$\text{Total Earnings } (\$20,789.80) - \text{Term Payout } (\$971.24) - \text{EE Retirement Contribution } (\$3,062.34) - \text{Association Fees } (\$153.00) - \text{Federal Withholding } (\$3,136.37) - \text{EE Medicare } (\$206.72) - \text{Interim Wages } (\$2,500.00) = \text{Net Pay } (\$10,760.13)$$

