



Longevity Pay Policy

Policy Number: PP 7-1

Effective Date: July 1, 2017

Approved By: Roger L. Stancil, Town Manager

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POLICY

The Town provides longevity pay to recognize regular full- and part-time Town employees for their length of service to the Town.

PURPOSE

The Town benefits from the experience and enhanced skills that long serving Town employees bring to their work. The Town recognizes their Professional commitment and loyalty by offering longevity pay based on years of service.

R.E.S.P.E.C.T. VALUES



Professionalism: We are committed to the excellence and accountability of our own performance as well as the performance of the organization. We carry out our jobs efficiently and effectively, are open to feedback about our performance and show a willingness to learn.

APPROVAL

Roger L. Stancil, Town Manager



Longevity Pay Procedures

Policy Number: PP 7-1

Effective Date: July 01, 2017

Approved By: Cliff Turner, Human Resources Development Director

PROCEDURES

This policy applies to all regular full-and part-time employees of the Town. These procedures are issued by the Director of Human Resource Development to implement the Longevity Pay Policy, PP 7-1, issued by the Chapel Hill Town Manager. These procedures may be periodically updated.

A. Eligibility and Service Time:

1. Eligibility:

- a) All active regular part and full time employees with over five years of regular service are eligible for longevity pay.
- b) Retirees who retire on or after January 1 and before December 1 are eligible for a proportional share of longevity pay for the year in which they retire.

2. Eligible Service: All regular part and full time service with the Town is used in calculating longevity.

- a) Leave: For the purposes of longevity calculations, all paid leave, layoffs, and authorized leave without pay period of up to three months are included in longevity calculations.
- b) Disability: periods of disability where some sick or annual leave is used to supplement disability payments are credited to service.
- c) Reinstatement and/or Rehire: if an employee leaves Town employ and then is reinstated or rehired, service time is adjusted to account for the period not worked. The adjusted service date is used to calculate longevity. However, the employee must have been in pay status for at least half of the calendar year in order to receive longevity pay for the year.

*Beatriz worked for exactly 9 years and 9 months when she left Town employ on December 31, 2015. She returned to work on August 1, 2016. Although she technically has 10 years of service as of November 30th, 2016 **she is not eligible for longevity pay in December 2016 because she did not work for at least half of 2016. She will have to wait until 2017 to receive longevity pay.***

3. Ineligible Service:

- a) Time spent in a temporary, contract, or program support position
- b) Leave without pay for periods greater than three months

B. Calculation of Service Time:

1. Time Measurement: Service time is calculated in calendar years, months, and weeks, as follows:

- a) Twelve calendar months make up a year of service
- b) Four weeks will be counted as one month after all complete years and calendar months have been calculated
- c) Three or fewer remaining days will be dropped. Four or more days will convert to a full week.
- d) Service is calculated through November 30.

Karen worked full time for the town from September 12, 1988 through November 30, 1998.

9/12/88 through 9/11/98 = 10 years of service (120 months)

9/12/98 through 11/11/98 = 2 months of service (8 weeks)

11/12/98 through 11/30.98= 19 days= 2 weeks and 5 days, or 3 weeks

Answer: Karen's Total Years of Service = 10 years, 2 months, and 3 weeks.

Karen worked full time for the Town from September 12, 1988 through November 30, 1998. However, she took a leave of absence from May 1, 1990, to October 12, 1990.

How to solve:

1. *Calculate her total years of service from start to end as shown in example 1 above.*

10 years, 2 months, and three weeks.

2. *Calculate the total amount of Karen's leave of absence:*

5/1/90 through 9/30/90 = 5 months

10/1/90 through 10/12/90 = 1 week and 6 days, or 2 weeks.

Total leave = 5 months and two weeks.

3. *Subtract 3 months from the leave as provided for in section A.2.a, which states that up to three months of unpaid leave can still be counted as service towards longevity.*

5 months and 2 weeks MINUS 3 months = 2 months and 2 weeks

4. *Subtract the 2 months and 2 weeks from the total in Step 1.*

10 years, 2 months, 3 weeks MINUS 2 months, 2 weeks = 10 years, 0 months, 1 week

Answer: Karen's total years of service is 10 years, 0 months, and 1 week

C. Longevity Payments

1. Longevity checks are issued in December based on years of service as of November 30.

a) Employees on Disability: Employees on disability leave as of December 1 will receive longevity pay for which they are otherwise eligible on the same date as active employees.

b) Unpaid Leave: Employees who are eligible for longevity pay, but on unpaid leave of absences as of December 1, will receive their longevity pay one month after they return to work.

D. Employees who retire During the Year: Employees who retire on December 1 receive full longevity pay for that calendar year. Employees retiring January through November received prorated amounts for the year in which they retire as shown below:

Month of Retirement	Prorated Payment Amount
January	8%
February	17%
March	25%
April	33%
May	42%
June	50%
July	58%
August	67%
September	75%
October	83%
November	92%
December	100%

E. Part-Time Employees:

1. Longevity Pro-rated: Employees who are part-time as of December 1 will receive longevity pay prorated based on the average number of hours worked per week as follows:

Average Number of Hours Per Week	Pro-rata Amount
0 to 19.99	0%
20	50%
20.01 to 24.99	65%
25 to 29.99	75%
30 to 34.99	90%
35 or more	100%

2. Part-Time Employees who were previously Full-Time: Part time employees who have served one year of continuous full-time service receive the next higher percentage.

Please refer to the [APPENDIX](#) attached to this policy for examples of how longevity pay is calculated for full and part time employees in various work situations.

PROCEDURES
CONT.

3. Calculating average workweek. Week work hours can be calculated in any reasonable fashion by departments as long as it is consistent among all part time employees in the department. They may be calculated quarterly, annually, or some other period of at least three months.

F. Deductions and Employer Contributions: The Town withholds all legally required deductions from longevity checks and makes required retirement contributions for active employees.

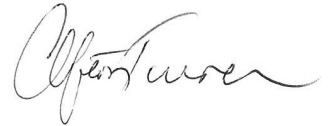
Examples on how to calculate longevity payments are found in APPENDIX 7-1 A Current Longevity Pay Amounts and Sample Calculations

FORMS/INSTRUCTIONS

None

PROCEDURES
APPROVED BY

Cliff Turner, Human Resources Development Director



ADDITIONAL
CONTACTS

Human Resource Development 919-968-2700 or HR@townofchapelhill.org
Ombuds office 919-265-0806 or Ombuds@townofchapelhill.org

DEFINITIONS

A. **Regular Employee:** an employee whose position is included in the approved Town Pay Plan and who is eligible for all employee benefits, including health insurance.

RESPONSIBILITIES

All Employees, Supervisors, Managers, and Department Heads are expected to:

- a) Be aware of the Town's Longevity Pay policy and procedure
- b) Ask questions about anything they do not understand

All Human Resource Development staff members are expected to:

- a) Provide Guidance for employees and managers on Longevity Pay policy and procedures.
- b) Help resolve discrepancies regarding longevity pay.

All Business Management Employees are expected to:

- a) Assist employees with longevity pay questions and assure Longevity pay is accurately calculated.

APPENDICES

[APPENDIX 7-1 A Current Longevity Payment Amounts and Sample Calculations](#)

SCOPE

This policy covers all regular full and part-time employees.

RELATED INFORMATION

[Town of Chapel Hill Code of Ordinances 14-61](#)

POLICY HISTORY

Adopted November 10, 1998
Reissued November 2000
Reissued July 1, 2017

This policy replaces and supersedes any previous Town policies, departmental policies, handbooks, or unwritten policies or practices covering the same subject. Departmental policies in compliance with this policy are referenced in Section XI **Related Information**. In the event of any disparity between this policy and the Town's Code of Ordinances and/or applicable local, state, or federal laws, the Town's Ordinance and/or applicable laws shall prevail.



APPENDIX 7-1 A Current Longevity Payment Amounts and Sample Calculations June 1, 2017

Below is the information required to calculate longevity pay as of July 1, 2017. This information may be periodically updated.

There are three tables that the Town uses to calculate longevity pay for an employee.

First, the employee's total creditable service time must be calculated. The calculation methods are in the [Longevity Policy PP 7-1 Section B Calculation of Service Time](#).

Check amounts are based on service times and the longevity pay amounts in the following tables.

Table 1. This amount shows the current total longevity pay amount that the Town offers for a full time, regular employee.

TABLE 1: LONGEVITY PAY AMOUNTS FOR FULL TIME EMPLOYEES	
Years of Creditable Service	Amount of Longevity Pay
5-9.99	\$500
10-14.99	\$650
15-19.99	\$800
20-24.99	\$1000
25 years and more	\$1200

Table 2 This is the table used to prorate longevity pay for regular part time employees.

TABLE 2 PRORATING LONGEVITY PAY FOR PART TIME EMPLOYEES	
Average Number of Hours Per week	Pro-rata Amount
0 to 19.99	0%
20	50%
20.01 to 24.99	65%
25 to 29.99	75%
30 to 34.99	90%
35 or more	100%

Table 3 This is the table used to calculate partial year payments for employees who retire during the year.

TABLE 3 HOW TO PRORATE LONGEVITY PAY FOR RETIRING EMPLOYEES	
Month of Retirement	Prorated Payment Amount
January	8%
February	17%
March	25%
April	33%
May	42%
June	50%
July	58%
August	67%
September	75%
October	83%
November	92%
December	100%

Here are some examples of how the Town calculates longevity pay for various types of situations.

Example 1. Kamil is a five year employee of the Town. He has a 22 hour average workweek. How much is his longevity check?

- a) From Table 1, we see that the five year longevity pay amount is \$500 for a full time employee.
- b) From Table 2 we see that an average workweek of 22 hours is eligible for 65% of the total longevity pay for a five year employee.
- c) In this instance, Kamil would receive 65% of the \$500, or \$325, as longevity pay.

Example 2: David is a five year employee of the Town. He worked for one continuous year as a full- time employee and then moved to his 22 hour per week, part- time position. How much is his longevity check?

- a) From our first example, we know that, as a 22 hour per week employee, David would normally qualify for 65% of the \$500 longevity pay,
- b) But according to the [policy Section E-2](#), part time employees who have at least one year of continuous full time employment at some point during their Town career receive the next higher percentage level from Table 2.
- c) In this instance he receives the next higher level, or 75% of the \$500 longevity pay, or \$375.

Example 3: Shondra retires in September of 2015 with 26 years of creditable full time service. How much is her longevity check?

- a) From Table 1, we see that the Town offers \$1200 as longevity pay for 25-or more years of service.
- b) From Table 2, we see that retiring in September provides Shondra with 75% of the longevity pay amount.
- c) Shondra receives 75% of the \$1200, or \$900 as longevity pay.

Example 4: Raheleah retires in July of 2015 as a part time employee averaging 27 hours per week. She has 19.78 years of creditable service. How much is her longevity check?

- a) From Table 1, we see that the Town offers \$800 for 19.78 years of creditable full time service.
- b) From Table 2, we see that an average workweek of 27 hours qualifies for 75% of the pay amount.
- c) An interim calculation- $\$800 \times 75\%$ is \$600, which is what Raheleah would be paid if she had worked the entire year.
- d) BUT, she did not work the entire calendar year. She retired in July, We must adjust this amount.
- e) From Table 3 we that she gets 58% of the \$600 she is eligible for, or \$348.
- f) Raheleah gets \$348.00 as a longevity check.