Choosing Between Annual Leave and Vacation and Sick Leave

All CASE members and fair-share payers have two options for accruing time off from work; Annual Leave or the combination of Vacation Leave and Sick Leave. The two plans have different pluses and minuses, but since you have the option of changing plans every two years, please consider making the switch, no matter which program you're currently in.

Vacation Leave and Sick Leave

New employees automatically enroll in the combination of the Vacation Leave and Sick Leave programs. Each month, employees accrue eight hours of Sick Leave, which can be used when the employee has an illness or injury or must attend medical and dental appointments. Sick Leave may also be used when an immediate family or household member becomes ill or needs medical assistance.

Along with Sick Leave, employees also accrue Vacation Leave starting at the rate of seven hours per month. This works out to an annual total of about two weeks, and so it may be wise to plan a vacation around one of the state holidays, like Cesar Chavez Day on March 31, to get away from the office a little longer. New employees, moreover, are not eligible to take a vacation during their first six months on the job, but they then accrue a lump sum of 42 hours, or seven hours for each of the first six months.

After three years on the job, things improve as the accrual rate for Vacation Leave increases to ten hours a month, or about three weeks each year. There are additional bumps on the 10th anniversary (12 hours per month), on the 15th anniversary (13 hours per month), and on the 20th anniversary (14 hours per month).

Vacation Leave and Sick Leave are essentially two separate time accounts. Although there is no limit to the amount of Sick Leave that a healthy employee can amass, Vacation Leave may be capped at 640 hours. If you reach 640 hours of vacation time, your employer may require you to use any excess before the end of the calendar year.

Annual Leave

Annual Leave combines Sick Leave and Vacation Leave into one program. Employees receive Annual Leave at the same accrual rate as Vacation Leave (that is, seven hours per month during the first three years, ten hours per month after three years, etc…), but exchange their Sick Leave for an additional four hours of unrestricted time. An employee in her eleventh year on the job thus has a choice between receiving 18 hours of combined Vacation Leave and Sick Leave each month (10 plus 8) or 14 hour of Annual Leave (10 plus 4). Annual Leave is functionally the same as Vacation Leave. Both, for example, have the 640-hour cap.

One More Difference: Nonindustrial Disability Insurance

Employees who receive Vacation and Sick Leave and suffer a disabling injury or illness that is not work-related can receive Nonindustrial Disability Insurance (or NDI) that will pay up to $135 per week for up to six months. Since this figure is likely far below the employee's monthly salary, there is a very good chance he or she will need to supplement the NDI by using, and perhaps exhausting, the Sick Leave or Vacation Leave.

Annual Leave, by contrast, has an enhanced NDI that may pay up to 50% of an employee's salary for six months. The enhanced NDI is only available to employees who receive Annual Leave. Although an employee on the Annual Leave program does not receive Sick Leave, the enhanced NDI may be more beneficial in the case of a serious illness.

Dollars and Cents

For many people, Annual Leave will provide financial advantages over Vacation and Sick Leave. In addition to the enhanced NDI, Annual Leave is fully compensable: you receive your regular salary and build retirement credit for every hour of Annual Leave, just as if you were working. Since Sick Leave is not fully compensable, Annual Leave will likely be more valuable if you have large amounts of unused Sick Leave.

It's easiest to see the differences with examples. Imagine an employee who plans to retire at age 55 with a salary of $100,000 from Tier 1 (which is the plan that calculates retirement benefits by multiplying years of service by 2%). If this employee had used all of her Vacation Leave and had amassed 1000 hours of Sick Leave, these six months of Sick Leave would be added to her service credit. When multiplied with the 2% formula, the extra ½ year adds an additional 1% to her retirement benefit. At her final salary of $100,000, this works out to an additional $1000 per year. After 20 years of retirement, this figure would be $20,000 plus any interest.

But now imagine that instead of the 1000 hours of Sick Leave, the same employee had compiled 500 hours of Annual Leave. She could likely delay her retirement by taking a 500 hour vacation – about three months – during which time she would receive her full salary, or about $25,000. She would also increase her service credit by three months, and this would increase her retirement benefit by approximately $500 per year (1/4 of a year times 2% of $100,000). After 20 years of retirement, the extra three months of salary ant the $500 increase in retirement would amount to $35,000 plus interest.

Because the retirement benefits of Sick Leave are relatively meager, it's probably better to compile as many hours of Annual Leave or Vacation Leave as possible. The best situation would be to have the maximum 640 hours of Annual or Vacation Leave and then have an many hours of Sick Leave as possible.

Making the Switch?

Annual Leave, though, may not be right for everyone. Some employees, particularly those with health concerns for themselves or perhaps a young child or infirm parent may need the extra hours that Sick Leave provides. Newer employees may want to accumulate a bank of both vacation and sick time in case of an unexpected medical crisis. But if you are healthy and your employer is flexible about scheduling medial appointments, such as by encouraging the use of partial-day absences, then Annual Leave may be the way to go.

Fortunately, you can make the switch between programs once you have been in one of the programs for 24 months. Note that once you switch, you must remain in that program for another 24 months before being able to make the switch again.

Please feel free to call or email CASE with questions about these or any other provisions of the Memorandum of Understanding.

Months of Service	Vacation-Sick Leave	Annual Leave
1-36 (up to 3 years)	7 + 8 = 15 hours	11 hours
37-120 (up to 10 years)	10 + 8 = 18 hours	14 hours
121-180 (up to 15 years)	12 + 8 = 20 hours	16 hours
181-240 (up to 20 years)	13 + 8 = 21 hours	17 hours
241+ (more than 20 years)	14 + 8 = 22 hours	18 hours