

# Longevity Pay Plan

## I. PURPOSE

The City of San Luis values the dedication and years of full-time service contributed by its regular employees. The Longevity Pay Plan establishes guidelines for the annual distribution of longevity pay, ensuring fairness and recognition of employees' continued commitment to the agency. In accordance with *Section III (A) - Budget Appropriation*, payment of longevity pay is discretionary and contingent upon City Council's, in its sole discretion, allocation of funding. Nothing in this plan shall be interpreted to establish an enforceable legal right or entitlement of any employee to an annual distribution of longevity pay.

## II. ELIGIBILITY

- A. Employees must be full-time regular employees, defined as those working 40 or more hours per work week.
- B. Employees must have completed five (5) years of continuous service to qualify.
  - 1. Longevity Credit is given for each month an employee is in pay status for all regularly scheduled workdays and paid holidays.
  - 2. A break in service due to leave without pay will delay longevity payment by the number of months the employee was in non-paid status.
    - a. An unpaid leave of three (3) days or more consecutive days constitutes a break in service.
    - b. Workers' Compensation Leave, Military Leave, and Family and Medical Leave Act (FMLA) leave do not count as breaks in service.
- C. Years of continuous service are calculated as of June 30<sup>th</sup> of each year.
  - 1. Unpaid leave (*excluding military service leave, workers' compensation, and FMLA*) does not count toward years of service.
  - 2. For longevity calculation:
    - a. Regular full-time employees: 2,080 hours per year
    - b. Shift Firefighters: 2,756 hours per year
- D. If applicable, longevity pay will be credited to the employees' retirement plan, provided they are enrolled in one of the following City sponsored plans:
  - 1. Arizona State Retirement System (A.S.R.S.)
  - 2. Public Safety Personnel Retirement System (P.S.P.R.S.)

### **III. PROCEDURE**

#### **A. Budget Appropriation**

1. During the annual budget process, the City Council, in its sole discretion, may allocate funds for this program, subject to budgetary limitations.
2. Each year, the City Council has the discretion to increase, reduce, or eliminate the longevity appropriation based on the City's financial status.

#### **B. Eligibility Review and Calculation**

1. If approved during the budget process, the Human Resources Department will compile a list of full-time regular employees who meet the Eligibility Criteria as outlined in *Section II. Eligibility*.
2. As of November 1<sup>st</sup>, Human Resources will generate the employee listing and perform the necessary longevity calculations in accordance with *Section IV. Longevity Payment*.

#### **C. Disbursement of Longevity Pay**

1. The Finance Department will process and disburse longevity payments during an off-payroll week no later than mid-December.

### **IV. LONGEVITY PAYMENT**

#### **A. Annual Payment & Funding**

Longevity pay will be paid annually, contingent upon funding being allocated during the annual budget process and employees meeting the eligibility criteria outlined in *Section II. Eligibility*.

#### **B. Calculation Method**

Longevity pay will be paid as a flat amount as outlined on the Longevity Pay Rates table on *Section IV (E)*.

#### **C. Payment Structure**

1. Longevity pay will be issued as a lump sum payment.
2. The final amount will be rounded to the nearest dollar.
3. Longevity pay will be subject to statutory deductions.

#### **D. Exclusion from Base Pay**

Longevity pay is not considered part of the employee's annual base salary and will not be reflected as such in personnel or payroll records.

## E. Longevity Pay Rates

| Years of Service | Longevity Pay Rate |
|------------------|--------------------|
| 0 - <5 years     | \$0.00             |
| 5 - <10 years    | \$1,000.00         |
| 10 - <15 years   | \$1,500.00         |
| 15 - <20 years   | \$2,000.00         |
| 20+ years        | \$2,500.00         |

## V. PRORATED LONGEVITY PAY

### A. Eligibility for Prorated Payment

1. If an employee's employment ends, their longevity pay will be prorated based on the number of months worked in the final year of employment.
2. Prorated longevity pay is determined by:
  - a. Dividing the full annual longevity payment by 12 months.
  - b. Multiplying that amount by the number of months worked since the last annual payment.
  - c. Rounding the final amount to the nearest cent.
3. The employee must have been in pay status for all regularly scheduled workdays and paid holidays in a given month for it to be counted.
4. No longevity pay is awarded for any period covered by terminal leave pay.

### B. Military Leave Considerations

If an eligible employee goes on extended military leave without pay, they will receive:

- A prorated longevity payment at the time they go on leave.
- The remaining balance will be paid upon their return and completion of a full year of service.

### C. Leave Without Pay Considerations

1. If an employee goes on leave without pay, longevity pay will be deferred until they return and complete a full year of service.
2. If the employee resigns while on leave without pay, they will receive the prorated amount for which they were eligible before resigning.

**VI. POLICY RESTRICTIONS**

- A. Temporary, part-time, seasonal employees and volunteers are excluded from eligibility for longevity pay.
- B. An employee who terminates employment with the City of San Luis, then returns, will forfeit all accrued time.
- C. The cap of maximum annual longevity pay per eligible employee is set at \$2,500.00 of the employee's annual income.