



Sisters and Brothers,

Earlier this month, UIC sent out [this communication](#) to technical employees who are eligible under the union contract to cash out their vacation in return for pay. This communication explained that, due to an IRS law that the university claims they only recently became aware of, all technical employees who are eligible to cash out up to one week of their vacation pay will be required to pay taxes in 2021 on that one week of vacation pay, whether or not the employee chooses to actually cash out their vacation this year. The university explained that if you choose to cash out your vacation, the taxes will be taken out of that payout. If you choose **NOT** to cash out your vacation, the taxes will be taken out of your straight pay on the last check of the year. Employees will have to decide what they want to do before Friday, December 3, 2021.

UIC needs to take ownership over the last-minute nature of this realization and the impact that it has had on members. On Monday, our technical bargaining team sat down with UIC management to negotiate over changes to the union contract that would address members concerns and prevent this issue from occurring again in future years. Currently, we are still waiting on a response from management to our proposals.

We also requested that the university meet with employees to answer questions about this payout. There will be two informational meetings, register at the links below:

- [Wednesday, December 1 @ 5 p.m. with UIC management](#)
- [Thursday, December 2 @ 10 a.m.](#)

In the meantime, we have provided some answers below to common questions below. Please stay tuned for further communication.

FAQ

How much vacation will I be taxed on if I choose not to take the payout? You will only be taxed on **one week** of your vacation hours. If you are a 40-hour 1.0 FTE employee, one week means 40 hours. If you are .5 FTE employee, one week means 20 hours.

How much vacation can I cash out if I choose to get paid out? Up to one week.

If I choose to roll my time over, will I be taxed twice? No. The university will be tracking the vacation hours paid taxes on in 2021, and those hours will be categorized as non-taxable vacation. UI Health will be tracking these hours through Kronos. The Campus is still developing their tracking system.

How do I know if I am eligible for the payout and therefore impacted by this tax law? If you have over six months' worth of vacation accrual (not six months of vacation hours) in your bank, then you are eligible. Your accrual rate depends on your FTE, your years of service, and your exemption status. Refer to the chart included in the [university's first communication](#) to determine if you are eligible or not.

If I am not eligible for the payout, will this impact me? No. If you have less than six months' worth of vacation accrual in your bank, then you are not eligible for the vacation payout, and you will not need to pay any additional taxes on any of your banked vacation time this year.



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