



*University of California, Riverside –Local Procedure*

**Retention Bonus Program**

*May 2022*

**I. Summary**

A Retention Bonus or Payments Program (RBP) is a targeted payment outside of an employee's regular salary that is offered as an incentive to keep a key employee on the job to meet critical and priority business needs. This payment, meant to encourage the employee to stay in their job, keeps an employee from leaving their position for a specific amount of time, and is typically a one-time payment. The retention bonus—a non-base building cash payment—is intended to encourage the employee to remain in their job.

A retention payment cannot be used in place of a relocation payment, which is intended to offset a portion of the candidate's costs associated with accepting the University's employment offer and relocating.

The Retention Bonus Program will be reviewed on an annual basis.

**II. Related Policies and References**

- A. [PPSM-20: Recruitment](#)
- B. [PPSM-21: Appointment](#)
- C. [PPSM-30: Compensation](#)
- D. [Local Procedure 20: Recruitment](#)
- E. [Local Procedure 21: Appointment](#)
- F. [Local Procedure 30: Compensation](#)
- G. [Local Procedure 650-32: Moving and Relocation Expense Reimbursements for Staff Employees](#)

**III. Definitions**

- A. **Represented Positions** – All positions exclusively represented by a union are subject to the provisions of the relevant collective bargaining agreement.
- B. **Non-Represented Positions** – All positions that are policy-covered and are not subject to the provisions of the relevant collective bargaining agreement.
- C. **Limited Appointment** – A limited appointment is an appointment established at any percentage of time, fixed or variable, during which the appointee is expected to be on pay status for less than 1,000 hours in a 12-month period.
- D. **Contract Appointment** – An appointment established at a fixed or variable percentage of time for up to a four-year duration. Refer to policy [PPSM-21: Appointment](#) for additional information.
- E. **Career Appointment** - An appointment established at a fixed or variable percentage of time at 50 percent or more of full-time, which is expected to continue for one year or longer. A

career appointment may be established through conversion from a limited appointment, per Section III.A.5 of [PPSM-30: Compensation](#)

- F. **Period of Service** – The period of time that employee is required to remain in the position in order to be eligible for the retention bonus as determined by the Organization (reference section VIII: Payment of Retention Bonus).
- G. **Probationary Status** – All professional and support staff employees who hold career appointments shall serve a probationary period during which time their work performance and general suitability for University employment shall be evaluated in writing. Refer to policy [PPSM-22: Probationary Period](#) for additional information.
- H. **Good Standing** – Not on a Performance Improvement Plan (PIP); have not had documented disciplinary issues in the last 12 months.

#### IV. Purpose of Retention Bonus

- A. To retain the employee / encourage employee to stay in their position and keep an employee from leaving their position for a specific amount of time.
- B. Unanticipated business requirements warrant retaining the employee / encouraging the employee to stay in their position to avoid a negative impact on meeting critical operational needs of the department.

#### V. Amount of Retention Bonus

Within a fiscal year, a Retention Payment cannot exceed a maximum of 10% of the annual base salary may be offered.

Before offering a retention bonus, the employee's department / organization shall document the business justification for the retention bonus and confirm that the justification and the bonus amount are consistent with local practice. The department / organization will also obtain the appropriate approvals (see **Approvals** section below) prior to offering a retention bonus.

#### VI. Eligibility

Employees who are current full or part-time Professional and Support Staff (PSS) and Managers and Senior Professionals (MSP) staff members; represented and non-represented roles and/or groups, in Career, Contract-eligible, and Limited positions, who are in good-standing.

#### VII. Funding

Retention bonuses are funded by the requesting department/organization. Allowable unrestricted funding sources must be utilized for retention bonus payouts. If other funding sources are identified, you must have the explicit approval of the UCR Campus Controller's office.

#### VIII. Payment of Retention Bonus

Retention Bonus payments are at the discretion of the hiring department in consultation with the organization and must be processed through the payroll system. Payments are considered taxable income and are subject to withholding. For compensation purposes, Retention Bonuses are non-base building. The Retention Bonus payments are payable in either a one-time payment or as installment payments. Below are examples of retention payment options. Payment should happen in either one or two installments, paid over a period of service not to exceed 12 months.

**Retention Bonus provisions must be detailed in a retention/offer letter to the employee.** See offer letter templates on the [Talent Acquisition website](#) or in the Appendix for more assistance.

- A. Example of One-Time Payment: Employee is awarded a retention bonus as recognition for staying in their position over a previously completed period of service, such as the preceding 12 months.
- B. Example of One-Time Payment: Employee is awarded a retention bonus after staying in their position for a period of service, such as 3 months. The full amount is owed and payable at 3 months.
- C. Example of Installment Payments: Employee is awarded a retention bonus after staying in their position for a period of service, such as 6 months. The first half is owed and payable at 3 months and the second half is owed and payable at 6 months.
- D. Example of One-Time Up-Front Payment: Employee is awarded a retention bonus prior to completion of period of service.

If a recipient separates from the position, prior to the entire retention bonus being paid out, all future installment payments will be forfeited. It is recommended that retention bonuses be paid out upon completion of the agreed upon period of service, as outlined in the offer/retention letter, to avoid repayment.

Payments for Retention Bonus must use the retention bonus earn code (RPY).

#### **IX. Re-Payment of Retention Bonus**

Re-payment provisions must be detailed in the offer letter. See templates on the [Talent Acquisition website](#) or in the Appendix for more assistance.

#### **X. Documentation/Tracking of Retention Bonus**

Hiring Departments will maintain their approvals and documentation. Retention Bonus requests submitted by the Department's Human Resources Partner will be documented through Smartsheet, a system implemented by UCOP.

#### **XI. Approval Process**

##### **A. Blanket Approved**

- A blanket approval is an approval to offer a retention bonus specific to a group of position classifications.
- Blanket approvals are an exception to the retention bonus program. A blanket exception request must be submitted via email to the Director of Talent Acquisition for review, and consultation with Employee & Labor Relations and Compensation, and then submitted to UCOP Systemwide Talent Management for approval. The blanket exception requests proposal must be reviewed and approval by Executive Director of Systemwide Talent Management the VP of Systemwide HR.

##### **B. Individual Employee**

- An individual employee approval is an approval to offer a retention bonus specific to an individual for a position.
- Organizational unit approval is required to initiate the hiring bonus process.
- Department Human Resources Partner submits the request for approval through Smartsheet which is routed through Central Human Resources/Talent Acquisition and submitted to UCOP for final approval.
- The Human Resources Partner will be notified of the approval via Smart Sheet.

## **XII. Responsibilities per Workflow**

- A. Manager** - Documents the business justification for the hiring bonus and confirms that the justification and the bonus amount are consistent with local practice. Forwards the request to the Department/Organization Chief Financial and Administrative Officer.
- B. Department/Organization Chief Financial and Administrative Officer** – Reviews the hiring bonus request and verifies that funding is available. Approves the request and forwards to the Dean/Vice Chancellor for review and approval.
- C. Dean/Vice Chancellor (or designee)** – Receives approved bonus requests for review and approval. Submits to the Human Resources Partner.
- D. Human Resources Partner** – Receives approved bonus request. Ensures departmental and organizational approvals obtained. Submits the bonus request via Smartsheet to the Associate Vice Chancellor, Human Resources for review and approval.
- E. Associate Vice Chancellor, Human Resources** – Reviews, approves, and forwards the hiring bonus request via Smartsheet to Systemwide Human Resources for review and approval. May delegate this responsibility. Responsible for reviewing exceptions to this local procedure.
- F. Director of Talent Acquisition** – When delegated, reviews, approves, and forwards the hiring bonus request via Smartsheet to Systemwide Human Resources.
- G. Employee & Labor Relations / Compensation** – Provides consultative support to the director of Talent Acquisition with review of blanket approval requests.

## **XIII. Exceptions**

- A.** Exceptions to this procedure must be submitted to the Associate Vice Chancellor, Human Resources or designee and will be reviewed on a case-by-case basis.

# Appendix

## Retention Bonus Sample Language

### Example A:

Now that you have successfully completed the period of service of [*enter amount of period of service*], we are pleased to offer you a retention bonus of [*amount*]. This bonus will be paid as a one-time payment on your regular paycheck, as soon as administratively possible. This retention bonus is taxable, and all applicable payroll taxes will be withheld.

### Example B:

As discussed, we are pleased to offer you a retention bonus of [*amount*]. This bonus will be paid as a one-time payment on your regular paycheck, after you complete the period of service of [*enter amount of period of service*]. This retention bonus is taxable, and all applicable payroll taxes will be withheld. If you separate from the position prior to completing the period of service, the retention bonus payment will be forfeited.

### Example C:

As discussed, we are pleased to offer you a retention bonus of [*amount*]. This bonus will be paid in [*enter number of installments*] installment payments on your regular paycheck, with a period of service of [*enter amount of period of service*]. The first payment of [*amount*] will be paid after [*enter number of months of first period of service*] months and the second payment of [*amount*] will be paid after [*enter number of months of second period of service*]. This retention bonus is taxable, and all applicable payroll taxes will be withheld.

If you separate from the position prior to the entire retention bonus being paid out, all future installment payments will be forfeited. [*If applicable, add*] If you separate from the position prior to completing the agreed upon period of service, you will be required to pay back a pro-rata portion of the hiring bonus payment. The amount of re-payment will be pro-rated based on the number of months you were in the bonus-eligible position.

### Example D:

As discussed, we are pleased to offer you a retention bonus of [*amount*]. This bonus will be paid as an advance, one-time payment on your regular paycheck, as soon as administratively possible, with a period of service of [*enter amount of period of service*]. This retention bonus is taxable, and all applicable payroll taxes will be withheld.

If you separate from the position prior to completing the agreed upon period of service, you will be required to pay back a pro-rata portion of the retention bonus payment. The amount of re-payment will be pro-rated based on the number of months you were in the bonus-eligible position.