

Retention Bonus Procedures

Responsible Office: Human Resources

Issued: June 14, 2022

A. Purpose and Scope

A retention bonus is a targeted payment outside of an employee's regular salary that is offered as an incentive to encourage an employee to remain in their position at UCI for at least 12 months. A retention bonus is typically offered when an employee has received an offer of employment or interest from another organization (outside of UCI/UCI Health) and the department wishes to retain the employee. The payment is paid as either a one-time lump sum (non-base building) payment or four quarterly lump sum (non-base building) payments. The retention bonus may be offered alone or in addition to a base-building salary increase (equity adjustment), if approved.

Retention bonuses for individuals are treated as exceptions under [PPSM 30 - Compensation](#) and require approval by Senior Vice President, UCI Health & Vice Chancellor, UC Irvine as well as the Vice President of Systemwide Human Resources.

B. Authority and Responsibility

Retention bonuses are offered at the sole discretion of the University. Department authorities (deans, vice chancellors, associate chancellors, chiefs, or their designees) have the authority to select which positions are eligible for a retention bonus.

C. Eligibility Criteria

Policy-covered career Professional and Support Staff (PSS) employees and Managers and Senior Professionals (MSP) are eligible for a retention bonus if, at the time of the award, they:

- Have completed probationary period if, if applicable;
- Are on active status (or on approved leave); and
- Have at least On-Target performance

For employees with total cash compensation above the Indexed Compensation Level (ICL) of \$401,200 (as of 7/1/2024), including proposed retention lump sum bonus, please consult with your Central Human Resources Business Partner

An employee's receipt of a retention bonus does not establish any right or guarantee that the employee will be eligible for or entitled to an award in any subsequent plan year.

Eligibility for represented employees will be determined by collective bargaining as appropriate.

D. Required Justification

Requests for retention bonus must include business justification that includes the following:

1. Why the employee will not remain employed with UC without a retention lump sum.

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2. If the employee's current annual base salary is less than the Career Tracks salary range midpoint (the "at market" or competitive market rate for the job), provide information on why the employee's salary is not at market and how the retention lump sum will help retain this employee.

Business justification should describe the internal and/or external factors that are creating/contributing to the retention risk and how these can be mitigated with a retention lump sum.

E. Requirements and Approval Process

1. General

The University will not place restrictions or conditions on an employee's use of any cash awarded. For compensation purposes, cash awards are non-base building. Retention bonuses are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, the Defined Contribution Plan (DC) Supplement, DC Savings Choice, or employee life insurance programs. When all program eligibility requirements are met, the retention bonus will be paid through the payroll system, is considered taxable income and is subject to withholding.

2. Terms of Retention Payment Agreement ("the Agreement") (attached below)

- The employee must be on pay status and in good standing at the time the award is processed to receive the cash award.
- The employee is responsible for agreeing to and signing the Agreement.
- Provision of incentive is that the employee must remain in their position at UCI for at least 12 months (employee may retain retention bonus upon promotion within the same department (department defined as same reporting line); however, moving to another department would be considered leaving the position).
- In the event of voluntary termination of employment, the employee will be required to repay a pro-rated amount for each month not served (department works with Payroll to initiate repayment process).
- Receipt of a retention bonus does not give any rights to a continued employment relationship

3. Approval Process (Campus)

- The employee's manager consults with their department's Campus Personnel Officer (CPO)/Human Resources Business Partner (HRBP) regarding the proposed retention bonus.
- If department authority (deans, vice chancellors, associate chancellors, or their designees) supports a retention bonus, CPO/HRBP submits the CPO/HRBP submits a [Retention Bonus Request](#) case via EEC ServiceNow (<https://uci.service-now.com/eec>> Talent Management > Retention Bonus Request); the case will automatically be routed to Total Rewards for review.
- If Central HRBP and Total Rewards concur, Total Rewards submits the request for retention bonus to Senior Vice President, UCI Health & Vice Chancellor, UC Irvine (SVP/Vice Chancellor HR).
- If SVP/Vice Chancellor HR approves, the request is submitted to Systemwide Human Resources for approval by Vice President Systemwide Human Resources.

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- If approved by Systemwide Human Resources, Total Rewards will notify the requesting CPO/HRBP and Central HRBP, at which time, the CPO/HRBP creates a Retention Bonus Agreement (see last page) and forwards to manager to obtain employee's signature.
 - Once the Agreement is signed, the department may enter the retention bonus into UCPATH using EARN Code RPY (Retention Pay).
4. Approval Process (Health, including College of Health Sciences)
- The employee's manager consults with their Human Resources Business Partner (HRBP) regarding the proposed retention bonus.
 - If department authority (chiefs, deans, vice chancellor, or their designees) supports a retention bonus, HRBP submits a [Retention Bonus Request](https://uci.servicenow.com/eec) case via EEC ServiceNow (<https://uci.servicenow.com/eec> > Talent Management > Retention Bonus Request); the case will automatically be routed to Total Rewards for review.
 - If Total Rewards concurs, Total Rewards submits the request for retention bonus to Senior Vice President, UCI Health & Vice Chancellor, UC Irvine (SVP/Vice Chancellor HR).
 - If SVP/Vice Chancellor HR approves, the request is submitted to Systemwide Human Resources for approval by Vice President Systemwide Human Resources.
 - If approved by Systemwide Human Resources, Total Rewards will notify the requesting HRBP, and the HRBP creates a Retention Bonus Agreement (see last page) and forwards to manager to obtain employee's signature.
 - Once the Agreement is signed, HR People Services enters the retention bonus into UCPATH for medical center employees using EARN Code RPY (Retention Pay). At College of Health Sciences, HR submits request to CoHS Payroll to enter retention bonus into UCPATH.

F. Award Restrictions

The following limitations apply to retention bonuses:

- Funded by the departments.
- Are in exchange for at least 12 months continued service.
- A retention bonus may not be used as incentive to retain an employee who has received an internal job offer from another department within UCI/UCI Health.
- Employees are eligible to receive no more than one retention bonus (paid as either a one-time payment or four quarterly payments) in a fiscal year (July 1 through June 30).
- A single retention bonus (paid as either as a one-time payment or four quarterly payments) may not exceed 20% of the employee's base salary (UCOP requires additional justification for requests greater than 10%).
- A retention bonus may not 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.

G. References

- [PPSM 30 - Compensation](#) (referenced in the Purpose and Scope section of this procedure)
- [Retention Bonus Request Form](#)

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Retention Bonus Agreement

This form outlines the employee service agreement for receipt of a retention bonus.

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|---------------------|--|
| Employee Name: | |
| Employee ID #: | |
| Department Name: | |
| Department ID: | |
| Department Manager: | |

I, <insert full name of employee> understand that in order for me to be paid a Retention Bonus, I agree to stay on the job with <insert dept name> for the twelve month period beginning <insert start date>, and ending <insert end date>. (*Begin and end dates should coincide with payroll begin and end dates*).

The retention payment will be in the amount of <insert \$xxxxx.xx>, less applicable withholdings and deductions.

The retention payment will be paid to me within sixty (60) days of date of signing of this agreement.

OR

The retention payment will be paid to me in four quarterly payments with the first payment paid to me within sixty (60) days of date of signing of this agreement. Subsequent payments will be paid every ninety (90) days.

I understand that in the event of my voluntary termination of my employment, I will be required to repay a pro-rated amount of the retention payment for each month not served in the twelve month period stipulated.

I understand the receipt of a retention bonus does not give any rights to a continued employment relationship.

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|------|--|-----------------------|--|
| Date | | Employee Signature | |
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