

Annual Leave Exchange Program: Human Resources FAQs

The university has launched a new benefit called the **Annual Leave Exchange Program**, which is designed to give employees a way to use their accrued annual leave toward student loan payments.

1. What is the Annual Leave Exchange Program?

This new benefit allows eligible employees to exchange accrued annual leave for cash as reimbursement for payments they make toward qualified student loans.

Participation is optional. Leave exchange payments are added as “additional income” to the employee’s paycheck. Payments are considered taxable income.

2. When does it go into effect?

The benefit was approved by [Board Policy 420.8](#) in 2025. The benefit is available for employees to use as of March 1, 2026.

3. How does this program benefit employees?

The Annual Leave Exchange Program supports timely student loan payments and helps employees build a positive credit history. This can set them up for financial success in the future if they need to qualify for a credit card or car loan or make any other important decisions when it comes to their finances.

4. Who is eligible for the program?

Eligible employees must:

- Be employed in a position that earns annual leave
- Have at least 80 hours of annual leave remaining after the exchange
- Not have had disciplinary warnings or actions related to leave within the last 12 months

Note: HR representatives do not need to take any action when it comes to checking an employee’s disciplinary history. You will be updated if the process is formalized in the future.

5. Does an employee who is not eligible for benefits *with* a leave balance have access to this program?

Eligibility to participate in the leave exchange program means an employee must be currently employed by the university and in a position which accrues annual leave.

6. What if an employee has an annual leave balance, but their current position no longer accrues annual leave?

(Example: An employee who moved from a 12-month position to a nine-month position and has a remaining annual leave balance.)

No, to be eligible for the program an employee's current position must accrue annual leave.

7. What leave can be exchanged?

Only accrued annual leave can be exchanged under this program. Other leaves (sick, paid parental, etc.) do not qualify.

8. What is considered a “qualified” student loan?

To qualify for the Annual Leave Exchange Program, the student loan must be in the employee's name. This includes student loans that were taken out for the employee, the employee's spouse or an eligible dependent.

Employees can submit loan payments made on or after July 1, 2025, as long as they were considered eligible at the time the payment was made and continue to be eligible when they submit the exchange request.

9. How does the exchange work?

The dollar amount an employee makes per hour is multiplied by the number of hours the employee wishes to exchange. That amount is then reduced by 14%, as the IRS does not allow a dollar-for-dollar exchange of annual leave.

Here's the breakdown:

Employee hourly rate times hours of exchanged annual leave = exchange dollar amount

Exchange dollar amount minus 14% reduction = final payment amount

The final payment amount of the employee's exchanged leave will be added to the employee's paycheck as “additional earnings” and taxed as such. The amount of hours exchanged will then be deducted from the employee's annual leave balance.

10. How is the 14% exchange fee used?

A portion of the 14% fee covers the services provided by PTO Exchange, the leave exchange administrator. The remaining portion is returned to the campuses to fund exchange payments.

When an employee exchanges annual leave for cash, the campus reduces its liability; however, the campus will also need to reimburse the employee for that exchange. Therefore, any remaining funds from the 14% fee are returned to the respective campus.

11. How much annual leave can an employee exchange per year?

The maximum amount of annual leave an employee can exchange is \$7,500 in value per calendar year.

Campuses may increase/decrease this annual cap and/or set certain guidelines with presidential approval.

12. Will exchange leave payments be taxed?

Yes, payments made to employees as part of this program are reported as taxable income in accordance with federal tax law. Before participating in this program, employees should consider the potential tax implications.

13. Are there any other requirements needed for the program?

Employees will need to provide proof of the student loan payment (receipt, screen shot, etc.) they wish to reimburse on when submitting their exchange request. The student loan must include their name as the signer on the loan.

14. Can reimbursements be submitted whenever or is it up to the university?

At the moment, reimbursement submissions are not limited to certain periods. Employees may submit their reimbursement requests at any time.

15. What are the steps to submit a leave exchange request?

- [Log in to Azure](#) and select the Workday icon.
- Once in Workday, in the global navigation menu on the left, hover over **Personal** and select **Benefits and Pay**.
- On the Benefits and Pay dashboard menu, select **PTO Exchange** under selected links.
- On the PTO Exchange website, enter your primary work email address.
- The PTO Exchange Dashboard will show:
 - The total amount of accrued annual leave
 - The amount of annual leave available to be exchanged
 - The exchange value of the annual leave based on the employee's pay rate

- Select **Education** to make an exchange. **Note:** Once the employee has met the \$7,500 maximum for the year, the Education button will disappear from the Dashboard until the following year.
- Fill out the exchange form, upload proof of the student loan payment, and click **Submit**. An email confirmation of the transaction will be sent to the employee.
- PTO Exchange will review and confirm employee eligibility. Employees can check the status of their submission by logging into PTO Exchange and checking the Recent Activity section on their Dashboard.
- PTO Exchange or the System Office will send emails to employees who need to submit additional information. Employees will also be notified if their claim is denied and why it was denied.
- Once approved, employees will receive a taxable cash payment included with their paycheck. Cash payments will be added to paychecks as soon as administratively possible after approval.

16. What else should employees consider before taking advantage of this program?

Employees should plan out their annual leave time off for the next year or two before submitting any of their accrued time for exchange. This is to ensure their time off remains covered.

17. As a Human Resources member, what action steps do I need to take?

HR representatives do not need to complete any action steps as part of the exchange process. Please just answer employee questions where you can and direct them to PTO Exchange if they have questions you cannot answer: support@ptoexchange.com.