Disposition of Final Pay of Deceased Employee

Upon notification of the death of an employee the department must notify Human Resources immediately. The department must complete a personnel action form to separate the deceased employee. Benefits will determine next of kin information and provide it to payroll.

Board of Regents Bylaw (3.4.d1b) is as follows:

- Upon death, the salary of a full-time academic-administrative staff member shall terminate at the end of the month in which the death occurs. Provided, however, that this provision in no way abrogates the right to receive salary earned, but not yet paid because of the method of prorating academic-year salaried over a 12 month period.
- Upon death, the salary of a managerial and professional staff shall have their salary terminate at the end of the month in which the death occurs.
- Upon death, the salary of an office and service staff shall have their pay terminate at the end of the two-week pay period in which the death occurs.

Unpaid wages, vacation pay, floating holiday pay and ¼ of accumulated unused sick leave for office and service employees only up to a maximum of 360 hours will be paid out to the “Estate of (deceased)”, unless the successor to the decedent (usually the spouse) completes the Affidavit for Transfer of Personal Property Without Probate under Nebraska Probate Code which is designed to be used when the estate assets subject to probate do not exceed $25,000. In instances where the spouse meets the qualification set out in the affidavit, the last check will be made payable directly to the spouse. If the spouse cannot meet the terms of the affidavit, the University will issue the last check to the estate through a person who is able to show the University letters of appointment that he/she is the personal representative of the estate. If the spouse qualified to be paid directly, the 1099 Form is processed in the name of the spouse using the spouse’s social security number. If the check must be made out to the estate, the 1099 Form is issued to the estate name and the estates’ tax ID number.

- Unpaid wages and vacation pay paid to the estate of a deceased employee are not considered wages subject to federal and state income tax withholding. Therefore, these payments do not represent an increase in Federal Income Tax Gross (FIT), and no income taxes are to be withheld on them. If paid before the close of the calendar year in which the employee died, they are considered wages subject to social security withholding, and therefore represent an increase to social security gross. If paid after the close of the calendar year, the payment is not considered wages and it is not social security taxable.
- Accumulated sick leave paid to the estate of a deceased employee is not considered wages for either federal or state income tax withholding or social security withholding.
- If the employee was enrolled in the UNO retirement plan at the time of death, the payment made for unpaid wages, vacation pay, and accumulated unused sick leave is also subject to retirement withholding.