



TO: All Benefit-Eligible Employee

SUBJECT: Annual Leave Exchange for Student Loans

If you have student loans in your name, you can cash in unused annual leave to reimburse your loan payments. The payments you receive after converting your annual leave are taxable and will be added to your paycheck.

This new benefit starts March 1, 2026! You won't be able to access the PTO Exchange system until then.

To convert your annual leave to taxable cash reimbursements, you must:

- Have an annual leave balance of at least 80 hours after an exchange.
- Make a payment toward an eligible student loan. Eligible student loans include loans that you took out to pay for qualified higher education expenses that were for you, your spouse or your dependent. The loan must be **in your name**, even if it was for someone else.
- Have no disciplinary warnings or actions related to leave within the previous 12 months.

You can exchange your accrued annual leave for payments toward qualified student loans up to \$7,500 per year. These payments are considered taxable under federal law.

The IRS does not allow a dollar-for-dollar exchange of annual leave. When you exchange your annual leave time for cash payments, there will be a 14% exchange reduction.

For more information, visit <https://benefits.uasys.edu/uapb/work-life/annual-leave-exchange-benefit> .