

Labor Employer Reporting Instructions
Part III - Principles of Service and Compensation
Chapter 2: Employment Relation

Employment Relation Defined

An employee generally has an employment relation beginning with the effective hire date and ending with the effective termination date. Service months may be credited only for months in which an employment relation is maintained. An employment relation is maintained during periods in which active service is not performed because of:

- furlough;
- authorized leave of absence; or
- continuous disability.

Employment Relation Ends

An employment relation ends when an employee:

- dies;
- retires or receives a company pension;
- is discharged;
- resigns; or
- relinquishes employment rights.

Common Error in Reporting Service Months

It is a common employer error to report service months after the employment relation has ended when a payment is made in a later month for earnings due. Payments earned in a prior period may be credited when paid, but service months are always credited when the service was performed. Service months can only be credited for months in which an employment relationship exists. An employment relation is an essential factor in crediting service months but is not a requirement in crediting compensation.

Example of Correctly Reporting Service Months

An employee retires in November. Earnings payments due are made in December and again in the following February. The payments made after November may be credited as compensation to November (or earlier months, if earned in earlier months) or to the months payments were actually made, but no service months are creditable after November. The employee is not entitled to service credit for December or February because the employment relation ended in November.