

## Faculty 12-Month Deferred Pay Plan

### Information Summary

The Twelve Month Deferred Payroll Distribution Plan provides a method for academic employees on 9-month appointments to spread their gross salary over the 12-month period of a plan year (September 16th through September 15th of the following year).

To achieve this plan year distribution, 25% of the monthly salary will be put into a deferred accrual starting with the September payroll through the following September payroll. The deferred amounts are placed into a non-interest bearing account.

One third of the total amount in this account is paid to the employee for the last half of June, all of July and August, and the first half of September.

### Eligibility

Participation in the plan will be available to faculty academic year employees on 9-month appointments only.

Participation in the plan is not available to academic employees who will be on sabbatical in the plan year, retiring in the plan year, on a non-renewable year-long adjunct appointment, or on an appointment basis with an FTE that fluctuates during the plan year.

Checks or direct deposits will be processed like any other payroll payment. Deductions will be processed as a 12-month employee.

### Enrollment

To enroll in the plan, complete the Form “Deferred Pay Authorization” (sign and date).

**This form must be returned to the Payroll Office by first business Monday in September each year to make you eligible for the current year (effective 9/16 to 9/15 annually).**

### Termination/Withdrawal

Election to participate in the plan is irrevocable during the plan year. This plan will continue from year to year until participation is cancelled, employee experiences an unevenly reduced appointment such as sabbatical or reduced FTE, termination of employment, or the University discontinues the program.

Pay out prior to the standard distribution schedule may be made only in the event of the employee's termination or death. Under current federal tax regulations, these restrictions are necessary in order for the payments to be taxed when received by the employee. If a participating employee dies, the money accumulated in the deferred accrual account will be paid to the surviving spouse or children or to the estate, according to payroll policies and procedures.

To withdraw from the plan, the employee will sign and date a new “Deferred Pay Authorization” Form by completing the section for: “Termination of Deferred Payroll Distribution Plan”. **This form must be returned to the Payroll Office by September 9th.** Termination will be effective at the end of the plan year (September 15th) and the employee's salary will revert back to a standard 9-month distribution effective September 16th.