



Nine Month Faculty Annualized Pay Option Program for the 2020-2021 Academic Year

Open to all faculty members on a nine-month academic year appointment, the Nine-Month Faculty Annualized Pay Option Program is an *optional* program designed as a savings method to help bridge the gap between the nine-month work year and the desire to have twelve months of income. The program will hold, in the form of an after-tax deduction, a portion of a nine-month faculty member's after-tax income and distribute it to them in six equal installments during the summer months.

Program Description

- A calculated "set-aside deduction" will be deducted from 18 paychecks from September through the spring semester. For the 2020-2021 academic year the deductions will begin on the 9/11/2020 paycheck and will continue through the 5/07/2021 paycheck.
- The total amount of the set-aside deductions will be refunded in 6 equal payments during the summer of the following year providing income even if the faculty member has no summer appointments.
- The set-aside deduction amount is based on participants' actual earnings and benefit rates.
- Participation is voluntary and includes automatic re-enrollment.
- The program facilitates financial planning for new faculty.
- Nine-month faculty new hires will be required to enroll in their state benefits or agree to a benefit cost estimate of their state benefits prior to enrolling into the program, as this will allow for more accurate set-aside amount determination.
- Faculty members can receive a fairly consistent net paycheck amount for most of the year, regardless of benefit double deductions.

Nine Month Faculty Annualized Pay Option Program Enrollment Process

Nine-month faculty members on an appointed position may enroll in the voluntary, non-interest bearing program during the **Annual Open Enrollment Period, which for the 2020-2021 academic year will be from July 1, 2020 through August 25, 2020**. If you are interested in participating, you may request an estimate that will show you what your approximate annualized net pay will be. To request the estimate, you can contact the Payroll Department at UCO_Payroll_Processing@usf.edu and a net pay estimate and an enrollment form will be prepared and sent to you. **The deadline to request an estimate is August 21, 2020.**

Who may participate?

Faculty members on nine-month appointments who expect to return in the fall may participate in the program. Adjunct faculty members are not eligible to participate.

What are the parameters surrounding the program?

1. The estimate will take into account benefit costs as of January 2020 and will not reflect changes made during the Open Enrollment for 2021.
2. The estimate takes into account your W-4 payroll tax election as of the time that the estimate is prepared.
3. The estimate is based only on the 9-month faculty appointment. Earnings from any additional temporary appointments you may have will not be included in the estimate calculations.
4. An enrollment form will be sent to you with the estimate. If you choose to participate in the program the enrollment form must be signed and returned to Payroll by August 25, 2020.
5. Changes to salary, deductions, or W-4 payroll tax elections after enrollment will most likely change your net pay. The set-aside deductions will not be re-calculated or adjusted should any of these variables change.
6. The set-aside deduction amounts are effective for the 2020-2021 academic year and through summer 2021. Each academic year your set-aside deductions will be re-calculated.
7. Set-aside deductions for the 2020-2021 academic year will begin with the 9/11/2020 paycheck and will continue through the 5/07/2021 paycheck.
8. When it occurs that there are three paychecks in a month the third check will have no insurance deductions, therefore the net pay on these checks will differ from other checks at that time of year (the net pay on these checks should be higher). Set-aside deductions on these third checks of the month will not be adjusted to accommodate this difference in net pay on these individual checks; those deductions will be the same as on the preceding paycheck.
9. Participation will remain voluntary and will include automatic re-enrollment. Once enrolled, no action is necessary on your part to continue participation.
10. Participants can opt-out during the year. Re-enrollment in the program cannot occur until the next program open enrollment. The participant's account will be reconciled and paid in full in the first available pay period.
11. If the participant subsequently elects to retire or leave USF at the end of the spring semester their account will be reconciled and paid in full in the first available pay period rather than paid back over 6 summer pay periods.



12. There will be 7 paychecks in the summer of 2021 rather than the usual 6. July 2021 will have 3 paychecks. There will be no set-aside deduction distribution on the 3rd July paycheck on 7/30/2021. Set-aside deduction distributions will occur on paychecks dated 5/21/21, 6/4/21, 6/18/21, 7/2/21, 7/16/21, and 8/13/21.

Can I enroll in the program at any time?

You can elect to participate in the program only during the open enrollment period.

Can I opt out of the program mid-year?

Yes, participants who decide during the year that they wish to discontinue participation may cancel their enrollment by contacting the Payroll Department in writing or by email. Those who leave the program for any reason may not re-enroll until the next program open enrollment period.

What happens if I opt out of the program or leave USF at or before the end of the academic year?

Participants who opt out of the program or terminate employment at or before the end of the academic year will be paid in full for the amount of deductions that had been collected to that point. Payment will be made in the next regular paycheck.

What if I am currently enrolled? Will my enrollment continue year after year?

Yes, your enrollment will continue until you notify the Payroll Department in writing that you wish to discontinue your participation. A new calculation will be performed each year using your salary and deductions in effect at that time. The Payroll Department will automatically perform the re-calculation each year and provide continuing participants with a new annualized net pay estimate. No action on your part will be necessary to renew your enrollment.

Is there a way to determine what my annualized check will look like?

Yes, please contact the Payroll Department by email at UCO_Payroll_Processing@usf.edu. An estimate statement using your current salary, W-4 election, and current deductions will be prepared and provided to you along with an enrollment form you'll sign and return if you choose to participate. Any subsequent pay and/or benefit changes will have no impact on your calculated set-aside deduction amounts, though pay and/or benefit changes will impact your taxes and your net pay. Also, please understand that the calculated annualized net pay amount is not exact; it is a calculated estimate. Your actual paycheck may differ.

Will all of my paychecks throughout the year have the same net pay?

Most of your paychecks will have approximately the same net pay, but not all of them. The first two paychecks of the fall semester will have no set-aside deductions so those paychecks will differ from paychecks issued during the rest of the academic year. The last paycheck of the 2021 spring semester will include only five paid days so there will be no set-aside deduction in that period, and the first summer refund payment will occur on that same paycheck so the net pay on that paycheck will be different. Also, in months where there are three paychecks the third paycheck's net pay will differ from the paycheck that preceded it.

What would an example of participating in the Annualized Pay Option Program look like in comparison to not participating?

Below is an example using the following variables:

1. \$75,000 annual salary on the academic year appointment
2. Family health insurance deduction
3. Employee + spouse dental insurance deduction
4. Parking deduction
5. W4 election is married
6. Spring double deductions still occur and the set-aside deductions are lessened during the double deduction period.

	Without Annualized Pay Option			With Annualized Pay Option		
	Fall and early spring paychecks	Spring paychecks w/double deductions	Summer paychecks	Fall and early spring paychecks	Spring paychecks w/double deductions	Summer paychecks
Gross Pay	\$3,846.16	\$3,846.16	\$0.00	\$3,846.16	\$3,846.16	\$0.00
Health	\$90.00	\$180.00	\$0.00	\$90.00	\$180.00	\$0.00
Dental	\$10.60	\$21.20	\$0.00	\$10.60	\$21.20	\$0.00
Parking	\$26.00	\$26.00	\$0.00	\$26.00	\$26.00	\$0.00
3% retirement	\$115.39	\$115.39	\$0.00	\$115.39	\$115.39	\$0.00
Total Taxes	\$792.60	\$759.75	\$0.00	\$792.90	\$759.75	\$0.00
Set-Aside deduction	\$0.00	\$0.00	\$0.00	\$710.86	\$643.11	-\$2,100.71
NET PAY	\$2,811.57	\$2,743.82	\$0.00	\$2,100.71	\$2,100.71	\$2,100.71

Can I have my benefit deductions taken from my summer payments rather than double-deducted during the spring?

No, the Division of State Group Insurance requires that nine-month faculty members pay their insurance premiums for coverage through September prior to the end of the academic year. Double deductions will remain in effect from February to May.

How will this program impact me if I have a summer appointment?

This program is independent of any summer appointments you may have. Summer appointments will not impact the distributions that you will receive from this program during the summer months; those distributions will be made as normal and will be added to the net pay you receive from any summer appointments. The distributions will not be taxed, as they are the return of previous after-tax deductions. Wages earned on summer appointments will be taxed as usual.

Will I earn interest on the deferred money?

No, participants will not be able to collect interest on the funds withheld through this program. This program is designed as a savings method to help manage cash flow for nine-month faculty over the summer months. However, many financial institutions, including the USF Federal Credit Union, can establish a similar program that provides an interest-bearing solution to employees.

Is this the only way for a nine-month faculty member to save money for the summer months?

No, you have the ability to update your direct deposit record and have your paychecks split among as many as three bank or credit union accounts. You can choose to have an amount direct deposited into an account you could use for setting aside funds to be used in the summer. This option would also allow you to adjust as needed the amounts you set aside each paycheck, an option which is not available in the Annualized Pay Option Program.

How will this impact my taxes?

Participation in this program will have no impact on your taxes because the set-aside deduction is an

after-tax transaction.

Will the six equal installments that I receive during the summer months be taxed when paid to me?

No, the six installments are the return of the after tax set-aside deductions taken during the nine month academic year.

Who can I contact for more information on the program?

You can contact the Payroll Department by email at UCO_Payroll_Processing@usf.edu.