

Frequently Asked Questions

The Twelve Month Disbursement Option Plan allows faculty under a 10 month appointment to spread the payment of wages earned during your appointment period over 12 months.

Please note this Q&A is a brief summary of deferred compensation and its attributes. It is not intended to provide you with tax advice. You should consult with your own advisor regarding any tax implications of your election to defer salary over 12 pay periods.

1. When does the 10/12 pay begin?

The 10/12 pay begins the same pay date as the 10 month regular pay.

2. What if I decide in the middle of the year that I want to stop my deferral?

Your election for the academic year is irrevocable for the current year. You must select the 10/12 option each year that you choose to participate.

3. If I elect to defer pay, how will this affect my benefit deductions?

Your medical benefits will be withheld over 12 months. Retirement and benefits selected through Lion Advantage will be deducted over 10 months.

4. How will any summer or additional assignments affect my 10 month deferral?

Your summer assignment or any additional service assignments during the 10 month academic year are not part of your deferred compensation. Only your primary 10 month assignment is eligible for deferral

5. How will this affect my taxes?

Your tax withholdings will continue to be based on the latest W-4 that we have on file for you and will be calculated on the amount of wages paid, not the earned amount. Your W-2 will reflect only the wages paid during the calendar year, not the wages earned or deferred. Based upon the Percentage Method to calculate income tax withholdings, employees who elect to defer their salary over 12 pay periods will have less income tax withheld per pay period than compared to tax withheld previously over 10 pay periods. The amount being withheld has no effect on the individual's tax liability.

6. Will I need to complete an election form every year?

Yes

7. What if my faculty assignment ends at the end of the academic year?

You will receive the deferred payments on your May paycheck with your regular pay.

8. Who should I contact if I have any questions?

Please contact the Payroll Office at 985-549-3801.