



# Faculty Twelve Month Pay (TMP)

## FAQ – Frequently Asked Questions

The optional Twelve Month Pay program allows eligible faculty to earn wages over the academic year but the payment of these wages is spread over 12 months (24 pay periods). Generally, payroll deductions are based on amount paid rather than amount earned. For example, federal withholding, retirement contributions, and FICA taxes are calculated on the amount paid.

*This Frequently Asked Questions (FAQ) list is intended to clarify questions faculty may have regarding this plan. It is not intended to provide you with tax advice. You should consult your own advisor regarding any tax implications of your election to receive your salary over 12 months under the Plan.*

### **1. Are all faculty members eligible?**

All Tenure Faculty, Tenure Track Faculty and Senior Lecturers are eligible for this program unless they intend to take Leave without Pay in the upcoming academic year.

Any faculty classification type not listed in this section of the Q&A is considered ineligible for the Plan.

### **2. When do the deferred payments begin?**

The deferred payments begin the same pay date as the 9-month regular payment schedule. For most faculty, this is October 10. For faculty on the semester system, payments will start September 10.

### **3. What if I decide in the middle of the year I want to stop my deferral?**

It is legally required that your election for that academic year be irrevocable after the submission deadline for the academic year. You may withdraw your election for a later academic year by close of business the first Monday in August before that academic year.

### **4. What happens if I go on Leave Without Pay during the program year?**

If a TMP program participant goes on leave without pay during the program year, and is on LWOP for any full pay period, the employee will be removed from the program, effective their first full pay period of LWOP. If the employee does not have any full pay periods of LWOP, they will remain in the program for the full program year. When employees are removed from the program, their deferred balance is cashed out through the payroll process.

### **5. If I elect to participate in the Plan, how will this affect my health benefit deductions?**

Your benefit deductions that are in effect for 12 months (i.e. medical, dental) will now be deducted over the entire 12 months instead of the current 9 month structure. Retirement deductions and university contributions to retirement as well as tax withholdings will be based on wages paid, not on wages earned.

Any deduction that is designated for a specific timeframe, such as a parking permit deduction, will continue to be deducted over the number of pay periods established under the standard practice.

**6. How will any summer or additional assignments affect my salary deferral under the Plan?**

Your summer assignment or any additional service assignments (overload) are not part of your deferred compensation. Only your primary academic year assignment is eligible to be spread over 12 months.

Note---any applicable summer appointment pay will be paid in addition to the deferred salary payments made during the summer months.

**7. How will this affect my taxes?**

Your tax withholdings will continue to be based on the latest W-4 on file in the payroll office. The withholding amount for each pay period will be calculated on the amount of wages paid, not the amount earned. Your W-2 will reflect the wages paid, not the deferred component. This Plan is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") or an exemption thereunder and shall be construed and administered in accordance with Section 409A.

You should consult your own financial or tax advisor regarding any tax implications of your election to defer salary over 12 months.

**8. Will I need to complete an election form to participate in the Plan every year?**

Your election will remain in effect unless you submit a Withdrawal Form before close of business the first Monday of August preceding the new academic year. For the 2015-16 academic year, the enrollment deadline is close of business August 3, 2015.

**9. What happens if I decide to retire or resign before the end of the academic year?**

Upon separation from employment, any earned but unpaid compensation will be paid in a lump sum, less any applicable deductions, as soon as administratively practicable.

Faculty that plan to retire in the coming academic year should withdraw from the Faculty Twelve Month Pay Option Plan. Compensation for retiring faculty is paid through the end of the contract year, not through the summer months. If a faculty member does not timely notify Human Resources of retirement and withdraw from the Plan, the faculty member will remain enrolled in the Plan through the contract year and have any unpaid, earned compensation paid in lump sum as soon as administratively practicable, following separation from employment.

**10. Where should I submit my Election or Withdrawal Form?**

The Election or Withdrawal Form must be submitted to the Human Resources Office in Showalter, room 314, Cheney, WA 99004 by the enrollment deadline. Completed forms may be hand-delivered, mailed or faxed (509.359.2874). If completed original is signed, scanned and attached to an email, it can be sent to [HR@EWU.EDU](mailto:HR@EWU.EDU).