

Faculty Twelve Month Pay Option Plan

Summary

Eastern Washington University offers an optional 12-month, 24- payment plan to eligible faculty. The Faculty Twelve Month Pay Option Plan (“**Plan**”) provides a method for faculty to spread their academic year salary over 12 months. The payroll deductions are based on amount paid rather than amount earned. For example, federal withholding, retirement contributions, FICA taxes are calculated on the amount paid.

An election to participate will not alter the terms of your appointment, nor will it affect compensation related to any summer appointments.

Plan Structure and Documentation Flow

- HR posts program information and enrollment form on HR web
- Payroll links to form and program information on HR web
- Employee completes enrollment/withdrawal form & submits to HR
- HR reviews documentation for eligibility and approves or denies
- HR monitors for changes in status (examples: retirement or sabbatical)
- HR updates deferral designation in Banner (enroll or withdraw)
- HR sends copy of approved enrollments or cancellations to:
 1. Employee
 2. Benefits
 3. Payroll

Eligibility

Faculty who have an academic year appointment may elect to be paid over 12 months. Faculty on a one year only contract or quarterly faculty appointments are not eligible. Overload appointments and summer appointments are excluded from the Plan.

The following faculty classification types are typically eligible:

- Tenure Faculty
- Tenure Track Faculty
- Senior Lecturers

Faculty hired into eligible positions during the academic year may not elect to participate in the Plan until the beginning of the next academic year.

Faculty pay deferrals are limited to IRS 402 (g) limits. If a faculty member’s deferral calculation would exceed the 402 (g) limits, the faculty member is not eligible to participate in this plan.

Enrollment/Participation

An election to participate in the Plan must be received by the Human Resources Office by the first Monday in August ("**Election Deadline**"), with no exceptions, to be effective for the upcoming academic year. This Election Deadline applies to any eligible faculty member who chooses to make this election, including faculty that are in their first year of employment. An election to participate in the Plan becomes irrevocable for the upcoming academic year once the Election Deadline passes.

If a faculty member elects to participate in the Plan, his or her academic year salary will be paid ratably over the 12-month period generally from October 10th - September 25th on a semi-monthly payroll period basis.

Termination/Withdrawal of Participation

Once enrolled in the Plan, participation continues for future academic years until the participant timely elects to withdraw or terminates employment.

If a participant would like to withdraw from the Plan, he or she must submit a Withdrawal Form by the Election Deadline to the Human Resources Office. An election to withdrawal will only be effective as of the next academic year.

In the event that the participant terminates employment or dies while employed, all amounts earned but not yet paid will be paid in a lump sum, less any applicable deductions, as soon as administratively practicable.

If a participant goes on leave without pay for a full pay period or longer, the participant is removed from the program as of their first full pay period of leave without pay. The participant's deferred earnings balance, less any applicable deductions, will be cashed out, less any applicable deductions, as soon as administratively practicable.

Amendment/Termination

Eastern Washington University reserves the right to amend or terminate the Plan at anytime and for any reason. No changes will impact the amount of salary earned as of the date of any change.

Code Section 409A Compliance

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. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. Any payments to be made under this Agreement upon a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A.