CHANGES TO PAYROLL
Effective January 2019

Human Resources and Business Services Departments
Presented November & December, 2018
Updated 12/4/2018
Questions to be answered in this meeting

• What is changing?
• Why is the college making these changes?
• What is the timeline for the changes?
• What is the college doing to help you adjust to these changes?
• What do you need to do?
• Where can you find more information?
What is changing?

• Employee benefit withholdings will be for current premiums instead of paying for benefits in advance
  • Affects employees who participate in the college’s health, dental, vision, optional life, accidental death and dismemberment, cancer, legal assistance, InfoArmor, and/or long-term disability buy-up benefits

• All faculty and staff employees will be paid every two weeks starting in January
  • Affects employees who are currently paid on a monthly pay schedule
Change in benefit withholdings

• Starting in January, all employee benefit withholdings will be for current premiums instead of paying for benefits in advance
  • The money withheld from your pay check will pay for the benefits you have already received (“paying in arrears”)
• Since all employees are currently paying in advance for benefit withholdings, employees will not pay health, dental, vision, optional life, accidental death and dismemberment, cancer, legal assistance, InfoArmor, and/or long-term disability buy-up premiums in the month of December 2018
  • Premiums for other benefits and FSA/HSA contributions will continue to be withheld in December
Why is the college making this change?

- Easier for new employees
- Simplifies our payroll and benefits processes
- Makes it easier for our benefit vendors to provide our employees’ benefits
- Reduces the opportunities for data errors
Change in monthly pay schedule

WHO IS AFFECTED BY THE CHANGE IN PAY SCHEDULE?

• All employees who are currently salaried (exempt) and paid monthly:
  • Full and part-time administrative employees
  • Faculty, Adjuncts and Artist Associates
  • Monthly-paid temporary workers

Not Affected
  Hourly ("non-exempt") employees
  Student employees
Why is the college making these changes?

• Shortens the time between first day worked and date of payroll for salaried employees
• Helps new hires receive their first pay earlier
• Helps employees receive retirement and HSA contributions sooner
• Simplifies our payroll and benefits processes
• Saves significant time and effort
• Makes it easier for our benefit vendors to provide our employees’ benefits
• Reduces the opportunities for data errors
Will the amount I earn change?

• No, the amount an employee earns will not change.
  Salaried employees will earn the same amount for the fiscal and calendar year as they would have earned otherwise.

• The schedule and dates on which salaried employees are paid will change. Pay will be deposited the Friday after the pay period ends, just as it is for hourly employees.
  Example: on Friday, February 1\textsuperscript{st}, salaried employees will receive a paycheck deposit for the period 1/13/19 through 1/26/19.

• Contributions for salaried employees who have HSA or FSA accounts will be doubled on the first check in January, so that all contributions are reflected in the correct tax year.
  After the first check in January, HSA and FSA contributions will be 1/26 of employee’s annual contribution.
What is the timeline for the changes?

• Salaried employees will receive their usual monthly pay for December at the end of December

• Starting January 18, 2019, salaried employees will receive 1/26 of their annual salary every two weeks. The gross amount on your check on January 18th will reflect your new, full bi-weekly gross pay.

• Salaried employees will not be paid on January 4, 2019, the first bi-weekly pay date in 2019. That pay date is for work done on December 16, 2018 through December 29, 2018. Salaried employees will already have been paid for those work days on their end-of-December monthly check.
A sample of the 2019 payroll calendar

<table>
<thead>
<tr>
<th>Pay Period</th>
<th>Pay Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/30/18-01/12/19</td>
<td>01/18/19</td>
</tr>
<tr>
<td>01/13/19-01/26/19</td>
<td>02/01/19</td>
</tr>
<tr>
<td>01/27/19-02/09/19</td>
<td>02/15/19</td>
</tr>
</tbody>
</table>

A full payroll calendar is available online from the HR webpage on [www.davidson.edu/offices/human-resources](http://www.davidson.edu/offices/human-resources).

Leave reporting will not change for exempt employees

- Vacation will accrue on a bi-weekly basis
- Leave reporting will still be done after the end of each month
What is the college doing to help salaried employees smooth out payroll changes?

The college will offer vacation cash-out and interest-free, tax-free loans to salaried employees affected by these changes.

Staff employees may cash out up to 2 weeks of their vacation accrual, or use a combination of loan and vacation cash-out.
Tax-free, Interest-free Loan

- Request in January or February, up to two weeks of pay*
- Request in March, up to 75% of two weeks of pay*
- Request in April, up to 50% of two weeks of pay*
- Must be requested by May 31, 2019

The Loan:
- Is not earned salary and does not represent pay for time worked
- Is not subject to tax or eligible for retirement contributions
- Can be received as early as the January 18, 2019 paycheck
- Paid back through payroll deductions, beginning the paycheck after the loan is received
- Must be repaid by the final bi-weekly pay in 2019 - December 20, 2019

*equivalent to one gross bi-weekly pay amount (base salary only)
Vacation Cash-out

• Who is eligible?
  • Staff with accrued vacation, and who are current with leave report submissions
• What is the maximum vacation cash-out that I can request?
  • Up to two weeks of accrued vacation
• Is the vacation cash-out taxable income?
  • Yes, so taxes will be withheld
• How will I receive the vacation cash-out?
  • You may request the payout in one paycheck, or in multiple paychecks with equal increments
  • A request form will be available in December.
• Can vacation cash-out be taken over multiple pay periods?
  • Yes, but it must be the same amount each check and requested in advance.
• Will retirement be contributed on a vacation cash-out?
  • Yes. The percentage you are contributing to your retirement on your regular pay will be applied to the cash-out vacation. The college will also make a retirement contribution on the cash-out vacation amount.
What do I need to do?

Decide whether you...

• Want to take a tax-free interest-free loan to smooth out change in payroll schedule
• Would like to cash out accrued vacation
• May need to reduce the amount of your HSA contribution to fit the bi-weekly pay periods
• May need to change any extra tax withholding
• May need to change amounts if directing your check to multiple bank accounts
• May need to change the schedule for any autopayments from your bank accounts
• May need to notify recipient of any garnishments of new pay schedule
When do I need to do it?

- Request a loan
  - Submit request form between December 3, 2018 and May 31, 2019
- Cash out vacation
  - Get up to date on your leave reporting now
  - Submit request form between December 3, 2018 and May 31, 2019
- Reduce HSA contributions temporarily if worried about doubling in first check
  - Starting mid-December through January 8th in SmartBen
  - You will need to go back into SmartBen after January 12th if you want to return to original amount you elected
- Change any extra tax withholding
  - First week in January to be effective on first bi-weekly check (Form in HR for NC taxes, Banner Self-Service for Federal Taxes)
- Change deposit amounts if directing check into multiple accounts
  - First week in January in Banner Self-Service
- Change the schedule for autopayments from your bank accounts
  - First two weeks in January
Where can I get more information?

- **2019 Changes to Payroll Schedule** page on HR section of college website (www.davidson.edu/offices/human-resources)
  - Timeline for changes
  - Payroll calendars
  - FAQs


- Contact HR at x2213 or Payroll at x2461 make an appointment to speak with someone about your specific situation