

Frequently Asked Questions about Changes in Payroll

What is Davidson changing about the payroll process?

Effective January 1, 2019, the college will consolidate pay dates for all non-student employees. Davidson will convert its payroll system for salaried employees to match the current schedule for hourly staff at the college. This schedule is paid bi-weekly, 26 times a year.

Why is the college making this change to put all employees on one payroll schedule?

This change is being made to streamline benefit administration and to help streamline our payroll process. As a result, employees will benefit by being paid more frequently. Newly hired salaried employees will get their first pay sooner than if they were paid monthly.

Why is the college not putting all employees on the monthly pay schedule?

The change we are making means that affected employees get a check sooner than they would have under the current system. Changing everyone to monthly would mean that we were asking many employees to wait two weeks longer for a paycheck, which would be an extreme hardship.

Who is affected by this change?

All employees who are currently salaried (exempt) and paid monthly:

- full and part-time administrative employees
- faculty, including adjuncts
- monthly-paid temporary workers

Non-exempt employees, typically referred to as “bi-weekly employees” will see no changes in their pay schedule for 2019. Student employees will also see no changes.

What do you mean by bi-weekly?

When we say we are moving to a bi-weekly payroll for all employees, we mean that all employees will be paid on Friday of every other week, on the same schedule as our non-exempt employees, 26 times a year.

I am a salaried/exempt employee, when will I be paid?

You will receive your normal, monthly pay at the end of December 2018.

Starting on January 18, 2019, you will receive 1/26 of your annual salary every two weeks. The check on January 18th will be paying for work completed December 30, 2018-January 12, 2019.

You will not be paid on January 4, 2019, the first bi-weekly pay date in 2019. That check will pay for work done on December 16, 2018 through December 29, 2018. Exempt employees will be paid for those work days on their end-of-December check as a monthly paid employee.

The first few pay periods of 2019 are:

<u>Pay Period</u>	<u>Pay Date</u>
12/30/18- 01/12/19	01/18/19
01/13/19- 01/26/19	02/01/19
01/27/19- 02/09/19	02/15/19

*See the full [2019 payroll calendar](#) for more pay periods and pay dates.

What is the schedule for bi-weekly pay dates?

The bi-weekly check is issued every two weeks with 26 pays in a normal calendar year.

The check that is issued on a Friday pays for work done over a two-week period that ends on the previous Saturday night.

The first few pay periods of 2019 are:

<u>Pay Period</u>	<u>Pay Date</u>
12/30/18- 01/12/19	01/18/19
01/13/19- 01/26/19	02/01/19
01/27/19- 02/09/19	02/15/19

*See the full [2019 payroll calendar](#) for more pay periods and pay dates.

Why will I not get a check in the first bi-weekly payroll in 2019?

The first bi-weekly pay date in 2019 is January 4, 2019. That check will pay for work done on December 16, 2018 through December 29, 2018. Exempt employees will be paid for those work days on their December check.

Bi-weekly employees are usually paid 26 times a year. Because exempt employees will receive a check at the end of December 2018, exempt employees will receive 25 bi-weekly paychecks in 2019.

Will exempt employees get exactly the same pay as they would have on the monthly payroll?

Yes, exempt employees will earn the same amount for the fiscal and calendar year as they would have earned if we had not made this change. However, the timing of the pay date will be different. Your pay will be deposited the Friday after the pay period end date.

Will being paid bi-weekly impact my take-home pay and why?

If you are an exempt employee, your check amount will be impacted.

- Because the bi-weekly payroll is paid every other Friday, your paycheck will be deposited on Friday after the pay period end date. For example, on Friday, February 1st you will receive a paycheck deposit for the period 1/13/19 through 1/26/19.

- In addition, for exempt employees who have HSA or FSA accounts, employee contributions will need to be doubled on their first check in January, so that all contributions are reflected in the correct tax year. After the first check in January, contributions will return to 1/26 of your annual contribution.

What is the college going to do to help exempt employees impacted by the change in pay schedule?

The college will give all exempt employees the option of taking a tax-free, interest-free loan.

If requested in January or February, the maximum available loan will be equivalent to one of the employee's gross base salary bi-weekly pay amounts. Due to the payback schedule for the loan, and in order not to increase hardship for employees, if the loan is requested in March, employees will be offered up to 75% of one full bi-weekly base salary gross pay amount and if requested in April employees will be offered up to 50% of one full base salary bi-weekly gross pay amounts.

The loan is not earned salary. It does not represent pay for any time worked. It is an amount being offered to make this transition as smooth as possible. It is not subject to tax or eligible for retirement contributions.

For those employees who request it, this loan can be included as early as the January 18, 2019 paycheck. You will pay the loan back through payroll deductions, beginning the paycheck after you receive the loan.

Loan request forms will be available in December. All loans must be repaid by the final bi-weekly pay of 2019, on December 20, 2019.

Can staff cash out vacation instead of taking a loan?

Yes, exempt staff who have accrued vacation available and who are current on submitting their leave reports can cash out up to two weeks of accrued vacation. The paid-out vacation accrual is taxable income, so taxes will be withheld. The paid-out vacation can be taken in one paycheck or in multiple paychecks in equal increments, up through the last pay date in fiscal year 2019 (6/21/19). A form will be available in December to request vacation pay out.

How do I know how much vacation I have accrued?

Go to Banner Self Service (contact T&I Help Desk if you need help with your log in). Under "Employee Services" > "Time Off Current Balances and History" you can check your current accrual balance.

When will I need to request a loan or a vacation pay out?

All requests for vacation payout or a loan will need to be received in HR or Payroll by May 31, 2019. No requests received after that date will be processed. Forms will be available in December to request a loan and/or vacation pay out.

How big of a loan can I get?

To calculate the maximum amount of your loan, multiply your December gross amount of base salary on your pay stub by 12 and divide by 26. This will give you one full bi-weekly gross pay amount.

If the loan is requested in January or February this full amount is available to take as an interest-free loan. If the loan is requested in March, employees will be offered 75% of one full bi-weekly gross pay amount and if requested in April employees can get up to 50% of one of their gross bi-weekly pay amounts. All Loans are based on base salary only. No requests received after May 31, 2019 will be processed.

If I have accrued vacation can I take some vacation payout and also take a loan?

Yes, you can use a combination of vacation payout and a loan, but the total amount cannot exceed the gross amount of one of your base salary bi-weekly pays. If the loan is requested in March, you will be offered 75% of one full bi-weekly gross pay. If the loan is requested in April you can get up to 50% of one of your gross bi-weekly pay amounts. All loans and vacation pay out amounts are calculated on base salary only.

Will non-exempt (hourly) staff be allowed to cash out vacation?

No, the college is not changing the payroll for hourly staff in any way that might cause them to have a different cash flow. The ability to cash out accrued vacation will be available only to those affected by the change to bi-weekly payroll schedule.

If I request a loan, how do I repay it?

Repayments for the loan will automatically be deducted, in equal installments, from your check beginning with the paycheck immediately after you receive the loan. All loans will be repaid by the final bi-weekly pay of 2019, which falls on December 20, 2019.

Early repayment is an option. Please contact Payroll for details.

How long do I have to repay the loan?

All loans will be repaid by the final bi-weekly pay of 2019, December 20, 2019.

What is the deadline for requesting a loan?

The deadline is May 31, 2019. Please see other FAQs about loan options for more details.

Is there any interest charged on the loan?

No, the college is offering this interest-free advance as a way to ease the transition to the new pay schedule.

Is the loan taxable?

No. Since the loan is not earned salary, it is not subject to taxes or eligible for retirement contributions.

Will my loan be indicated on my W-2 form?

No, it will not be indicated on W-2 forms because it is not earned wages.

What happens if I leave Davidson before the loan is paid back?

You are obligated to repay any amount due. Any amount remaining will be deducted from your final pay. If your final pay is not sufficient to cover the outstanding loan amount, you will be required to reimburse the college out of your personal funds.

How large will the impact of the new pay schedule be on my check?

Because of individual tax allowances and differences in benefit elections, it is difficult to generalize. We are offering loans of up to one full bi-weekly gross pay amount of base salary to assist with the transition to the new pay schedule.

How will my tax withholdings be affected?

Because your check will be covering earnings for two weeks rather than for a month, Banner will adjust your tax withholdings for the smaller amount of each check. However, if you are having extra tax money withheld and paid to the government each pay period you will want to review and possibly lessen that amount. You can do that by going into Banner Self-Service, choosing the Employee tab, clicking on Tax Forms, and selecting "W-4 Tax Exemptions/Allowances." You will be able to do this in early January to affect your first bi-weekly check of 2019. For your NC tax withholdings, a paper form will need to be filled out with a January 1 effective date and submitted to HR or the payroll office before the winter holiday break.

I have extra money withheld from my check for taxes. How will that be affected?

That extra amount will come out of each bi-weekly check unless you go into Banner Self-Service and adjust the additional withholding amount. An email with detailed instructions on how to alter the amount will be sent to people who currently withhold an additional amount in December.

If you do not adjust the amount the total extra tax withholding you are currently having come out of each monthly check will come out of each bi-weekly check.

I have my paycheck split between different bank accounts. How will my deposits to multiple bank accounts be affected?

If you allocate your pay to more than one bank account, and you have directed that allocation as a percent of pay, the percent will adjust accordingly. If you have directed a flat amount to deposit to multiple bank accounts, you will need to review your allocations and adjust them. If you are paying your bills from one account you may want to change the allocation to make sure that sufficient money is going into that account to cover your bills. An email with instructions on how to make this change will be sent to people who are currently making deposits to multiple accounts in December.

How will my retirement contributions be affected?

Because you designate your retirement contributions as a percent of your earnings, you will not need to make any changes to your 403(b) deferrals. TIAA or Fidelity will receive your deferred contributions earlier than they did before since the contributions will be sent shortly after each bi-weekly paycheck.

What do I need to do?

- If you want to take advantage of the interest free loan you must fill out a form. The form will be available starting in December.
- Double check your direct deposit allocations and adjust accordingly. HR will send out an email in December to those employees with multiple direct deposit allocations to remind those affected to take action.
- If you have additional Federal and State withholdings, adjust the Federal in Banner and fill out a NC-4 for the State withholdings and submit it to the Payroll office or HR. HR will send out an email in December to those employees with additional withholdings to remind those affected to take action.
- Make sure your personal automatic draft bill payment dates are adjusted due to the new payment schedule.

Will my first check on January 18th reflect the size of my paycheck going forward?

For exempt employees who have an HSA or FSA account, employee contributions will need to be doubled on their first check in January, so that all contributions are reflected in the correct tax year. After the first check in January, contributions will return to 1/26 of your annual contribution, so, for exempt employees who have an HSA or FSA account, your first bi-weekly pay will not reflect your net on-going bi-weekly amount.

Should you need to adjust your HSA contribution, you are able to change the deduction amount for your HSA contribution any time in SmartBen.

I get a stipend payment. How will that be affected?

Stipends will be paid each pay period. If you currently get a stipend paid once a month, it will be recalculated and paid with your bi-weekly pay.

Will my leave accruals be affected?

Exempt employees will earn the same amount of vacation and sick accrual for the calendar year as they would have if we had not made this change. However, the timing of the accrual will be different. You will get your accrual the Friday after the pay period end date.

Will I have to submit my leave report every pay period?

No. Exempt employees will still submit their leave reports once per month, by the 5th day of the following month.

Why is my leave report showing only December 1-December 29, 2018 in Banner Self-Service?

Because of the conversion to bi-weekly pay for exempt employees this alteration to the December leave calendar is necessary to ensure that every receives full pay for the first half of the fiscal year. This change will not impact your accruals; you will accrue at the normal rate in your final monthly pay of 2018. Because December 30th and December 31st are holidays, leave time should not be entered for these days.

How will rent and ground lease deductions be handled for 2019?

Rent and Ground Lease deductions will be adjusted to the new bi-weekly pay schedule. The current rent or ground lease amount will be multiplied by 12 and divided by 26 to establish the new bi-weekly amount.

For example, if your current monthly rent is \$1000.00 per month, the new bi-weekly withholding amount will be \$461.54. $\$1000 \times 12 \text{ months} \div 26 \text{ bi-weekly pays} = \461.54 .

How will contributions to the annual fund and WDAV be handled?

The current monthly contribution amount will be multiplied by 12 and divided by 26 to establish the new bi-weekly amount.