

Deferred Pay

Frequently Asked Questions

The Twelve-Month Deferral Option Plan allows faculty under a 9-month, 10-month or 10.5-month appointment to spread the payment of wages you earn during your appointment over 12 months (24 pay periods).

For example, assume your annual compensation for a 9-month academic year is \$54,000. Your typical semi-monthly gross pay as a 9-month faculty is \$3,000 per pay period for 18 pay periods (\$54,000/18). If you choose to be paid over 24 pay periods, your monthly gross pay would be \$2,250 (\$54,000/24). The amount deferred for the first 18 pay periods is \$750 per pay period (\$3,000 - \$2,250) which is then paid out during the summer, over the last 6 pay periods.

1. A faculty member who provides service for 9 months but is paid over 12 months (9/12) is employed beginning in August. Must the employee be paid out in 18 equal installments?

No, the decision to be paid out over 18 pay periods or 24 pay periods is the employee's decision.

2. When does the deferred pay begin?

The 9-month deferred pay begins the same pay date as the 9-month regular pay (August 31st). It will continue for 24 pay dates.

The 10-month deferred pay begins the same pay date as the 10-month regular pay (August 15th). It will continue for 24 pay dates.

The 10.5-month deferred pay begins the same pay date as the 10.5-month regular pay (August 15th). It will continue for 24 pay dates.

3. 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 after the commencement of the academic year, per Internal Revenue Code IRC 409A.

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

Benefit Deductions (i.e.: Medical, Dental, etc.) will be deducted over the entire 12 months instead of 9 months. Retirement deductions and university contributions to retirement as well as tax withholdings will be based on wages paid, not wages earned.

5. How will any summer or additional assignments affect my deferral?

Your summer assignment or any additional service assignments during the 9-month academic year are not part of your deferred compensation. Only your primary 9-month assignment is eligible for deferral. This will be the same for 10-month or 10.5-month.

6. How will this affect my taxes?

Your tax withholdings will continue to be based on the latest W-4 that ASUMH has on file for you and will be calculated on the amount of wages paid, not the amount earned. Your W-2 will reflect only wages paid during the calendar year, not the wages earned or deferred.

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

Your election will remain in effect unless you complete a request to cancel prior to July 1st of the new academic year.

8. What if my faculty assignment ends on May 15th?

Any earned but unpaid compensation will be paid in a lump sum, less any applicable deductions in the next payroll cycle. (If you have questions concerning your benefits and their end date(s) please contact Human Resources at 870-508-6204.)

9. What if my faculty assignment ends prior to May 15th?

Any earned but unpaid compensation will be paid in a lump sum, less any applicable deductions in the next payroll cycle. (If you have questions concerning your benefits and their end date(s) please contact Human Resources at 870-508-6204.)

10. Where should I submit my election or cancellation form?

The election or cancellation form should be submitted to Human Resources, located in the Administrative Offices of the Vada Sheid Building.

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

Visit Human Resources or Payroll, located in the Administrative Offices of the Vada Sheid Building, or call Payroll at 870-508-6182, or Human Resources at 870-508-6204.