



Pay Cycle Change

Information Session for UCC Employees

June 15, 2017

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What is a payroll lag?

- ▶ Paycheck issued one pay period after the actual time worked
- ▶ “Lag” pay cycle rather than “current” pay cycle
- ▶ Standard payroll practice



What are benefits of a payroll lag?



- ▶ No more guessing about time sheets!
- ▶ More efficient payroll process
 - ▶ Decrease payroll errors
 - ▶ Provide more accurate and timely reporting of employee benefits
 - ▶ Reduce the amount of employee time spent completing and correcting time sheets

More benefits of a payroll lag



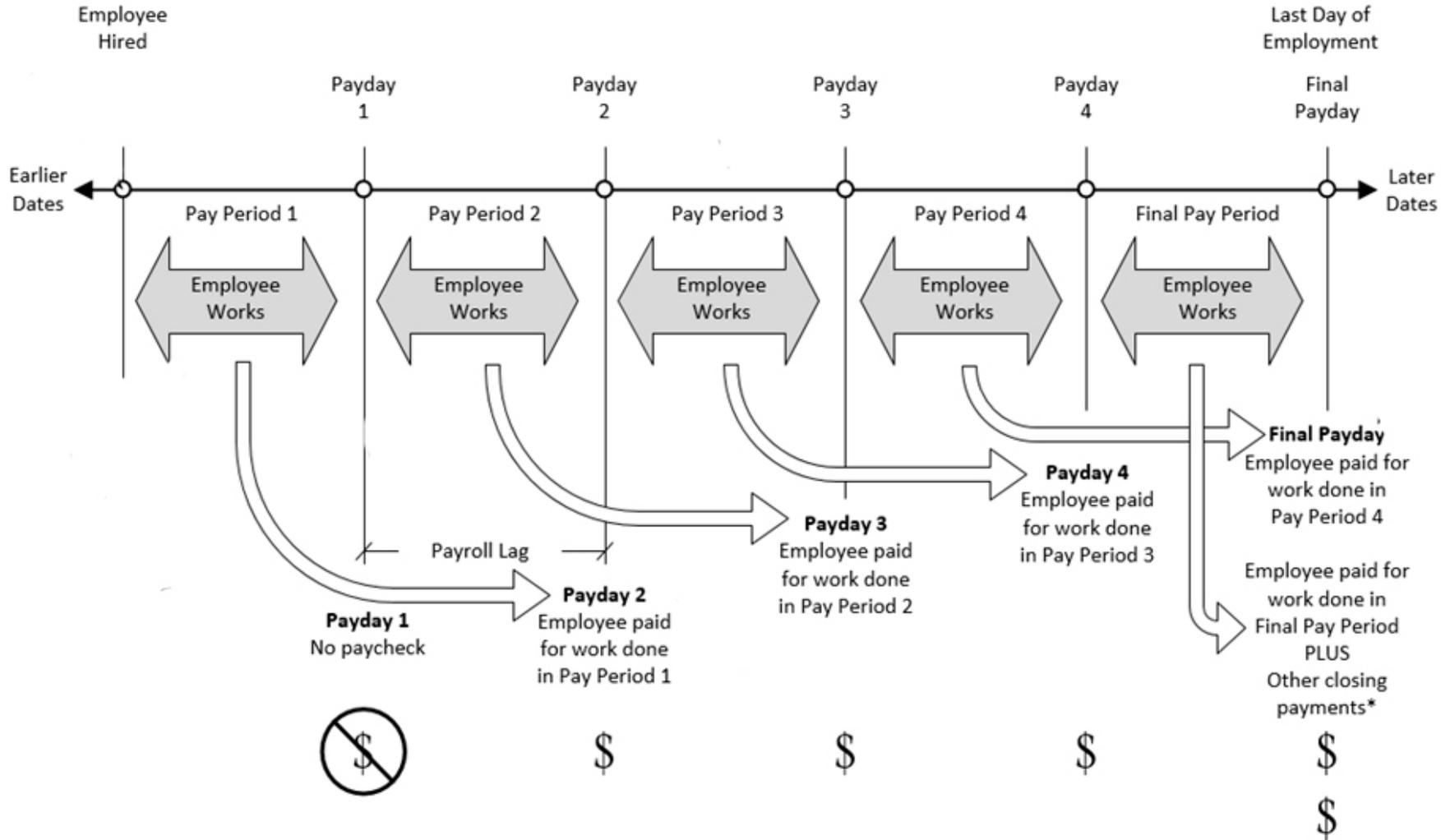
- ❖ Everyone benefits when a College unit develops new efficiencies
- ❖ Efficiencies affect the financial health of UCC (use of resources)
- ❖ Everyone contributes to UCC's vitality

Who is affected by this change?

- ▶ All full-time UCC employees
- ▶ (Part-time employees are already on a payroll lag)



Typical Payroll Lag Model



* Such as remaining vacation balance.

What a payroll lag is *NOT*

There is no positive or negative impact on the budget!

- ▶ Payroll lag does not generate savings for College
- ▶ Payroll lag does not negatively impact the budget



When will the payroll lag start?



- ▶ The September 1-15, 2018 pay period will be paid to you on September 30, 2018. From that point forward, you will still be paid on the 15th and last day of every month.
- ▶ Note change of implementation date from July to September.

How might I prepare for this change?



- ▶ REMEMBER: The change is in 14 months!
- ▶ Two possibilities to consider:
 - ▶ Make contributions to a savings account
 - ▶ Request a transition payment from the College, to be paid on September 15, 2018

What is a transition payment?

One-time, interest-free transition payment from College on September 15, 2018



- ▶ Offered to assist employees to pay for usual expenses
- ▶ IMPORTANT DATE: May be requested in *May 2018* for payment on September 15, 2018
- ▶ NOTE: The transition payment is not a wage!

What amount of transition payment may I request?

Sum not to exceed your net paycheck on May 15, 2018, excluding any overtime salary for that pay period



Do I have to repay the transition payment?

- ▶ Yes
- ▶ You may select from the following repayment plan periods:
 - ▶ 6 months
 - ▶ 12 months
 - ▶ 24 months

*Repayments are through
paycheck deductions
(or upon separation from
the College)*

Payroll Deduction

How do I calculate saving for the pay cycle change &/or repayment of the transition funds?

Transition Payment Calculator

Fill in the yellow cells to evaluate transition payment options and compare repayment options.

	Insert dollar amount up to net semi-monthly salary	
I will need	\$ 1,200.00	to cover my expenses for one pay period.
I plan to save	\$ 25.00	each paycheck for 1 year to prepare.
		This will allow me to save: \$ 600.00
	\$600.00	This may be a good transition payment to request
		This will be an advance that will need to be repaid with one of the options below.
Repayment Options		Deduction per Paycheck
6 months = 12 checks		\$50.00 This will be the amount deducted from each check for 6 months
12 months = 24 checks		\$25.00 This will be the amount deducted from each check for 12 months
24 months = 48 checks		\$12.50 This will be the amount deducted from each check for 24 months

Let's try a few examples!

What percentage of my paycheck is needed to address the pay cycle change?

- ▶ If you spread your actions over **three years** (one year of savings and two years of repayment), 1.4% of net wages for each paycheck will be utilized.
- ▶ If you spread your actions over **two years** (one year of savings and one year of repayment OR two years of repayment), 2.1% of net wages for each paycheck will be utilized.
- ▶ If you spread your actions over **one year** (one year of savings OR one year of repayment), 4.2% of net wages for each paycheck will be utilized.
- ▶ For Example:
 - ▶ You earn net wages of \$1000 on a single paycheck.
 - ▶ To save \$1000 over the next 36 months means you must save \$1000 in 72 pay periods = \$13.89/pay period.
 - ▶ \$13.89 is 1.4% of \$1000

▶ **3 years - 1.4%**

▶ **2 years - 2.1%**

▶ **1 year - 4.2%**

Do I have to take a transition payment?



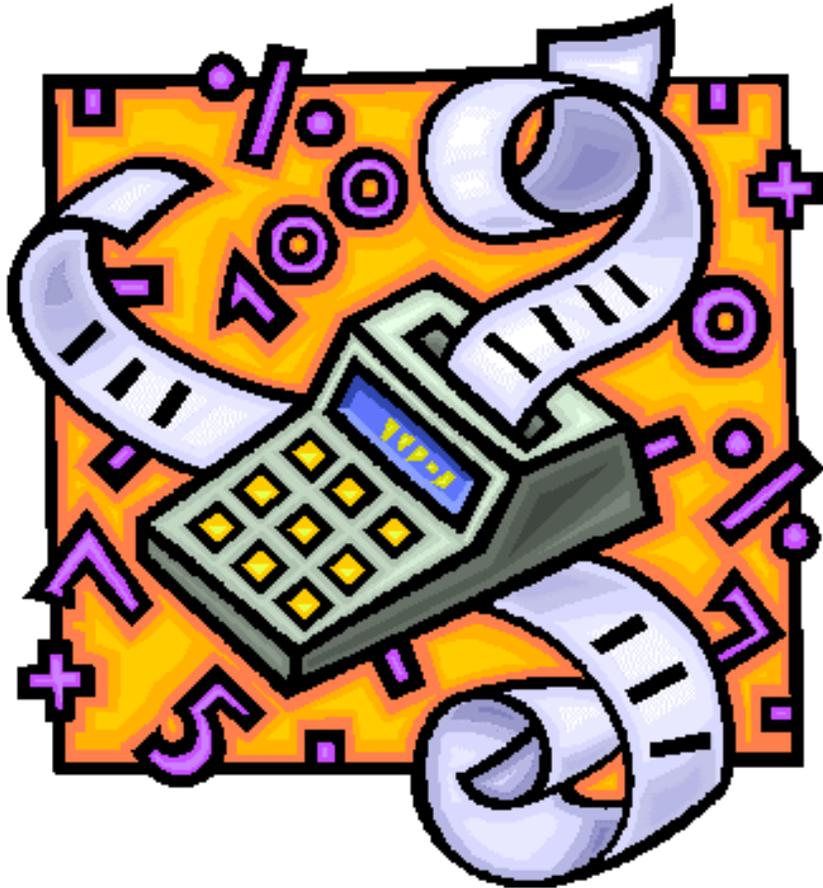
What happens to my leave day accruals?

Nothing!

Sick leave and vacation leave will continue to accrue on a monthly basis as usual.



How are my taxes and deductions affected?



- ▶ They are not affected!
- ▶ There are no taxes on the transition payment as this is not earned income
- ▶ Health insurance benefit deductions will not be affected

What about optional deductions?

- ▶ Additional information will be made available in the near future for:
 - ▶ optional life insurance
 - ▶ employee-paid long-term disability
 - ▶ flexible spending account



How will my garnishment deductions be affected?

- ▶ Transition pay is not subject to any withholding (taxes, child support, other court-mandated garnishments)
- ▶ You will have sole responsibility to ensure garnishment obligations are paid during the time between September 15 and September 30, 2018.



How about PERS?



Because of the multiple factors influencing individual PERS accounts, it is difficult to determine if the move to the payroll lag will have an impact on PERS. In most cases, the impact should be minimal or nothing.

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Who may I contact with questions?



Your Payroll Manager at 7697 or
Yvonne.Hernandez@umpqua.edu

Yvonne can also facilitate a visit from a member of the Payroll Task Force to meet with your department or small group to answer more questions.

Where can I get more information?

- ▶ Handouts
- ▶ HR webpage (information coming soon!)
- ▶ <http://www.umpqua.edu/human-resources>

