



## UNIVERSITY OF PORTLAND

### Twelve Month Pay Option Plan – For Nine Month Faculty

#### Summary

The Twelve Month Pay Option Plan provides a method for academic employees on nine month appointments to spread their nine month gross salary equally over the twelve months of the year (September 1<sup>st</sup> through August 31<sup>st</sup> of the following year). The total amount deferred will be paid out in accordance with the standard distribution schedule (June, July, and August). Interest will not be paid on the deferred amount. Participation in the plan will be available to academic employees on nine month appointments only. Checks or direct deposits will be processed like any other payroll payment. Deductions will be processed over twelve months.

#### Enrollment

To enroll in the plan an employee will sign and date an Authorization for Twelve Month Pay Option Plan form. This form must be returned to the Payroll office by September 20<sup>th</sup>.

Enrollment in the plan becomes effective at the beginning of the plan year (September 1<sup>st</sup>).

#### Termination/Withdrawal

Election to participate in the plan is irrevocable during the plan year. Payout prior to the standard distribution schedule may be made only in the event of the employee's termination or death. Under current federal tax regulations, these restrictions are necessary in order for the payments to be taxed when received by the employee. **Once enrolled, the plan continues in effect until the employee withdraws from the plan (at the end of the plan year) or resigns from the university.**

If a participating employee dies, the money accumulated in the redistribution pay account will be paid to the estate, according to standard payroll policies and procedures. When employees retire or resign their positions, the deferral process ends and all the monies that have been set aside for payout during the summer months are paid in full. Formal withdrawal from the program is not necessary. However, for continuing employees, a written request to withdraw from the program is required.

#### **Noted exceptions to participation in the program:**

-Faculty with part-time appointments

-Faculty on leave