Subject: Add 12-Month Pay as an Option for Corps of Instruction Faculty with Academic Year Contracts

RPIPC would like to find out whether Corps of Instruction faculty who have an academic year contract (August 1 to early May) would like to have the option of annualizing their pay (i.e. receive 1/12 of the annual salary each month for 12 months) in addition to the existing pay option (i.e. receive 1/10 of the annual salary each month for 10 months). If there is sufficient interest, RPIPC will contact other USG schools as well as gather more concrete information on the underlying issues (tax implications, retirement benefits, compliance with BoR Policy and state of Georgia law, etc.)**.**

**The proposal: Adding a 12-month pay option:**

Corps of Instruction faculty who have an academic year contract (August 1 to early May) would be able to annually select from two payment **options**

1. receive 1/10 of the annual salary each month for 10 months (10 month pay option)
2. receive 1/12 of the annual salary each month for 12 months (12 month pay option)

**What’s prevented this from happening to this point? We have been told:**

* The payroll software (ADP) doesn’t support this pay option (the software may be changing)
* Doing so violates state of Georgia law and Board of Regents policy (at least in 2005)
* Possible Tax Penalties
  + If not in compliance with IRS 409A, there is the possibility of a 20% tax penalty, BUT, if compliance with IRS 409A non-qualified deferred compensation, there would be no tax penalty.
  + <http://www.irs.gov/uac/Frequently-Asked-Questions:-Sec.-409A-and-Deferred-Compensation>
  + Faculty may wish to consult an accountant regarding details on their particular circumstances.

**University of Georgia Implemented this Option:**

* From *Columns*, the Online Newspaper for the University of Georgia Community, December 10, 2007
  + In 2006, UGA faculty who were paid on the academic year (9-month) contract were given the option to get paid over 12 months. Unforeseen negative consequences included ‘reductions to retirement benefits‘ and ’potential tax penalties due to deferred income.”
  + Beginning in 2008, UGA paid faculty on a 10-month salary and they had the option of deferring (saving) a portion of the paycheck to a credit union account.
  + Details: <http://columns.uga.edu/news/article/10-month-contract-faculty/>

**Another school that is doing this:**

* Wayne State University (Michigan) <http://fisops.wayne.edu/payroll/deferred_compensation_qa.pdf>

**Questions on survey:**

While maintaining the existing 10-month pay option,

Would you support adding a 12-month pay option for faculty with academic year contracts? Yes No

Would you select the 12-month pay option if it were available?

* Yes, I definitely would.
* Maybe, I’d need to educate myself on the details before deciding.
* No, I definitely would not.

OPTIONAL: Use the text box to share your thoughts or suggest the relevant issues that merit further research

Insert Text Box and Limit feedback to 400 characters, i.e. have some cap on the length of the response.

Link to survey