

Semimonthly Payroll Information for Employees

Effective Payday April 3, 2006

- **PAY DAY**

The semi-monthly paydays will normally be on the 1st and 16th of each month. However, if a payday falls on a weekend or a holiday, the payday will be moved back to the last day preceding the weekend or holiday on which State offices are open for business, with the exception of an October 1st payday. If the October 1st payday is on a Saturday, Sunday or holiday, payment will be made on the next succeeding workday.

Beginning April 1, 2006, the semi-monthly pay periods will be the 1st through the 15th and the 16th through the last day of the month.

- **PAY CHECKS**

Hourly Employees – Based on a Monday through Friday work schedule, a semi-monthly pay period can have 9 to 12 workdays (72 – 96 hours), resulting in a varying number of work hours in different pay periods and changes in net pay received each payday for hourly employees. An hourly employee's paycheck will vary from pay period to pay period based on the scheduled number of work hours. (96 hours @ \$10 hr = \$960.00 gross pay, 72 hours @ \$10 hr = \$720.00 gross pay)

Salaried Employees – Under the current biweekly pay schedule, salaried employees are paid one twenty-sixth of their salary every 2 weeks. To calculate your new pay rate for the new semimonthly pay schedule, multiply your current biweekly rate by 26 to determine your annual salary and divide the annual amount by 24. This rate will remain constant unless hours are entered for Leave Without Pay. Your semi-monthly pay check will be approximately 8.33% larger than your biweekly salary because you will be receiving your salary in just 24 checks rather than 26.

First semi-monthly pay check - As required by the new law, pay normally received on Friday, March 31, 2006 will not be paid until Monday, April 3, 2006, but will be paid at the higher semi-monthly rate.

- **DEDUCTION CHANGES**

All voluntary deductions that currently come out of 24 pay checks will remain the same, e.g., deferred compensation. The same amount will be deducted from each pay check. However, please note that in the transition year only, there will be 25 paydays (including 12/29/06), so these deductions will be taken 25 times in 2006 unless expired before December 15, 2006.

Biweekly child support withholding deductions will be recalculated to accommodate the payday frequency change. The amounts withheld will be slightly higher, but will only be withheld 24 times in a calendar year, rather than 26 times. This will alleviate the current problem of deducting 3 payments in the months with three BW paydays. As the day of the week for the semi-monthly paydays will vary (i.e., not always on a Friday), custodial

parents should be notified that the schedule for receipt of their child support payments will also change.

- **ANNUAL AND SICK LEAVE**

The amount of annual and sick leave you accrue each pay period will change, but the amount you accrue over the course of the year will not vary from the statutory amounts. For example, instead of accruing 4 hours a pay period 26 times a year for a total of 104 hours, 4 hours and 20 minutes will be accrued 24 times a year for a total of 104 hours. Leave must be taken in **no less** than 15 minute increments, but upon separation from State service, all accrued eligible leave will be paid.

Leave will be accrued at the new rates when the April 3rd check is processed.

THINGS EMPLOYEES SHOULD DO TO PREPARE FOR THIS CHANGE

Review automatic payments - Review any automatic bank drafts or loan payment schedules you have set up with your bank.

Review your current budget - Review your personal budget to determine the impact of the pay frequency schedule. You will no longer be paid every other Friday. You could receive pay on any day, Monday through Friday, based on the pay date of the 1st and the 16th. A payday calendar for 2006 is attached to identify the new pay dates. The new schedule for credit union and insurance deductions is on the back of the calendar. Note that deductions for savings bonds, dues and charitable contributions are taken on the same schedule as credit union deductions.

Review your payment schedules – Review the schedule for your mortgage payments, utility bills, installment loans, etc. to insure that the change in paydays does not result in late payments.

Determine impact of 25 pay days in 2006 – Evaluate the impact of having 25 pay days in 2006 for your voluntary deductions to determine if you need to adjust amounts or stop the deduction before 12/15/06. Contact your agency payroll clerk for departmental procedures for changing voluntary deductions.

Evaluate tax impact – Examine your additional tax withholding amounts, for both federal and state taxes, to determine if you need to make any changes. Additional amounts will be taken 25 times in 2006.