

## 31.01.05 Extended Pay Plan

Revised [April 19, 2016](#)

Next Scheduled Review: April 19, 2021

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### Regulation Statement

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The Texas A&M University System (system) provides an optional method to delay receipt of a portion of net pay for employees who work less than 12 months.

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### Reason for Regulation

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This regulation provides guidance for the eligibility and implementation of the extended pay plan (EPP).

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### Definitions

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Click to view [Definitions](#).

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### Procedures and Responsibilities

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#### 1. GENERAL

The system offers an EPP that allows employees who work less than 12 months each year to extend their pay over 12 months. This voluntary plan is offered for the convenience of the employee. It was designed as an option for employees budgeted for either 9 or 10-1/2 months but may be used by any eligible employee to defer a portion of his/her "take-home" pay until the summer.

#### 2. ELIGIBILITY

All employees who are in a budgeted position at 50 percent effort (20 hours a week) or more for a period of at least 4-1/2 months, but for less than 12 months, excluding employees in positions for which student status is a requirement for employment, are eligible to participate in this program.

#### 3. OPTIONS

Eligible employees may elect to participate at any time and may choose to have either 12.5 percent or 25 percent of net pay set aside each month. During the summer months, employees receive paychecks from those funds previously set aside.

#### 4. TAXES

For employees who choose to participate in EPP, federal income and Social Security taxes will be deducted from pay during the months employees work. All pay is taxed before any money is placed in the EPP fund. Thus, for tax calculation and reporting purposes, 9-month employees are still considered 9-month employees, and 10-1/2-month employees are considered 10-1/2-month employees. All money held for summer payment in the EPP fund is after-tax “take home” pay.

#### 5. INSURANCE

For employees who choose to participate in EPP, insurance premiums will be deducted from each paycheck during the regular work year. An additional amount, equal to 25 percent of monthly out-of-pocket insurance premiums, will be withheld each month to cover summer premiums. EPP participants will have their summer premiums deducted from their May paychecks, but they will be reimbursed from their EPP funds for those summer premiums. All health and dental premiums continue to be paid on a pre-tax basis if employees elect the EPP option.

#### 6. PAYMENT FROM THE EPP FUND

Money in an employee’s EPP fund will be divided evenly and paid to the employee on the regular monthly paydays for June, July and August. This money will already have been taxed, and insurance premiums will already have been deducted. Employees who gain additional employment from the system during the summer will receive pay for that work in addition to the payments from their EPP funds.

#### 7. CANCELLATION

7.1 Employees may cancel their participation in EPP at any time and may request payment of the balance of their EPP funds. Withdrawals will be made only on the full balance of the funds. Refunds will be disbursed once a month, to be paid with the regularly scheduled monthly payroll. Once an employee asks for a refund, that employee may not participate in EPP for the remainder of that fiscal year. Employees who cancel participation in EPP are eligible to enroll in EPP the next fiscal year.

7.2 An employee may choose to cancel participation in the EPP and elect not to receive payment of the balance of funds already deposited. The balance of the EPP fund will then be disbursed as requested by the employee during the summer. No funds may remain in an EPP fund at the end of the fiscal year.

#### 8. INTEREST

No interest payment is provided to the employee who participates in EPP.

## 9. DIRECT DEPOSIT

Direct deposit of wages is not affected by participation in EPP. Summer payments for EPP will be made via direct deposit if a direct deposit authorization form is on file. Refunds during the academic year will be made only via check and will not be direct deposited.

## 10. BIWEEKLY EMPLOYEES

Employees paid biweekly, who are employed for less than 12 months, are also eligible to participate in EPP. Authorization forms are available from the payroll workstation.

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## **Member Rule Requirements**

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A rule is not required to supplement this regulation.

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## **Contact Office**

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