Extended Pay Plan (EPP)

FAQs

1. Do all 9- and 10½-month employees have to go on the Extended Pay Plan?
No. The plan is entirely voluntary.

2. Will my entire pay be affected by the 12.5% or 25% reduction?
Only net pay will be affected. Any supplemental payments you receive will not be spread over 12 months.

3. If I join the plan mid-year, can I have a larger percentage withheld?
No. You can have 12.5% or 25% of your net pay withheld each month. If you join the plan mid-year, you will have smaller paychecks during the summer months than you would have had if you had joined the plan in September.

4. If I contribute to the Extended Pay Plan all year, will my summer checks exactly equal my regular checks?
It depends. Nine-month employees who elect 25% withholding should, in theory, have identical checks. However, supplemental pay (any pay in addition to base pay and longevity pay) is not included, which could make summer checks less for some. The variation between regular and summer pay will be more pronounced for 10½-month employee and 9-month employees who elect 12.5% withholding.

5. How is the amount to be withheld for the Extended Pay Plan (EPP) calculated?
There are two options for withholding for Extended Pay Plan (EPP). The first option (DED-CD 1) withholds at a rate of 12.5% and is designed for employees with a 10.5 month appointment. Three equal summer checks will be generated regardless of when the employee is scheduled to work. The second option (DED-CD 2) withholds at a rate of 25% and is designed for employees with a 9-month appointment. Again, three equal summer checks will be generated to return the withholdings to the employee.

6. If I don’t need payments from the Extended Pay Plan because I got a summer appointment, can I leave the money in the plan until the next summer?
No. All funds will be given to you so that no funds are held at the end of the fiscal year.

7. Will I receive interest on my withholdings for the summer?
No. Any interest generated will go toward paying the administrative costs of the Extended Pay Plan. If you wish to earn interest on your pay, you should continue your current pay schedule and set aside money yourself for the summer months in an interest-bearing account or investment.

8. When I file my income tax return, in which year do I include the money withheld for the Extended Pay Plan for my September through December paychecks?
You include the withheld money on your tax return for the year in which it would have been paid had it not been withheld for the Extended Pay Plan. All of your pay will be taxed before any of it goes into the Extended Pay Plan, and your w-2 form will reflect your pay as if you had already received your full amount. You have access to withheld money, and it is considered as already paid to you for tax purposes.
9. How will my direct deposit be affected?

Direct deposit will not be affected, except that less money will be deposited each month because a portion of your pay will be withheld for the summer. Your summer payments from the Extended Pay Plan will be made via direct deposit as long as you have a valid direct deposit authorization form on file. However, if you elect to withdraw your money before May, you will receive payment by check.

10. How do I enroll, drop out or make changes to my participation?

Contact your payroll office for the appropriate forms for any plan action. Your payroll office also can answer your questions about the plan.

11. What happens if I have part of my pay withheld all year and then I get a summer appointment?

You will receive your pay for the summer appointment plus the payments from the Extended Pay Plan.