

## FACULTY PAYROLL ELECTION FORM

The IRS issued regulations (409A) relating to a change in tax law for individuals receiving deferred compensation. The law affects faculty and staff with nine month contracts—and especially those who elect to have their salary spread out over a 12-month period, thus deferring a part of their income from one taxable (calendar) year to the next.

Beginning with UDM's July 1, 2008 fiscal year, faculty and staff with nine month contracts (20 bi-weekly pays) who would like to have their salaries paid over 12 months (26 bi-weekly pays) must make this election by the first day of the month in which they begin work (i.e., **no later than August 1, 2008.**)

The IRS requires faculty who do not submit an annual election form by the deadline to have their pay distributed over their nine month contract (i.e., 20-pays).

The 26 bi-weekly pay election is termed "evergreen", which means it will remain in effect each year and is **irrevocable** during a contract year. If you wish to change from the 26 pay election in a future year back to 20 pays, you must notify Human Resources *in writing* no later than the first of the month during which you begin work (i.e. by August 1<sup>st</sup> if you begin work in August).

The IRS has a FAQs website dealing with this regulation:  
<http://www.irs.gov/newsroom/article/0,,id=172883,00.html>

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- 26 bi-weekly pays** - I understand that in order to be eligible for this election my paperwork (this form, my signed contract, and any new hire paperwork) must be received by Human Resources no later than August 1<sup>st</sup> and that this election is **irrevocable** for the current contract year and may not be changed until the beginning of the next new contract year.
  - 20 bi-weekly pays** - I understand that my pay will be divided equally over 20 pays in the current contract year and that this election is **irrevocable** for the current contract year and may not be changed until the beginning of the next new contract year.

\_\_\_\_\_  
Please Print Name

\_\_\_\_\_  
Department

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date