

Indiana State University

Academic Year Payment Option Form

Employee Name _____ University ID # _____

Department _____ Campus Phone # _____

Indiana State University faculty members on academic year appointments have the option to receive their annual salaries paid in ten (10) or twelve (12) equal payments. IRC Section 409A regulations governing deferred compensation require employees to make elections prior to the beginning of the work period. Therefore, all elections must be submitted to the ISU Payroll Office by July 31 to take effect for the following academic year appointment period which begins on August 1 and ends on May 31. IRC Section 409A regulations also state that once the election is made, it is irrevocable once the appointment period begins. Therefore, any changes to payment options submitted to the ISU Payroll Office in the middle of the appointment period will not take effect until August 1 of the next academic year. If a faculty member is hired during an appointment period, the faculty member must make a payment option election within 30 days following the date of hire.

Once an employee has made a payment option election, that election remains in effect until a new Academic Year Payment Option Form is received in the ISU Payroll Office. The new form will change the payment option effective with the beginning of the next academic year. Employees without an election on file will automatically be paid on the 10 pay option if the Academic Year Payment Option Form is not received in the ISU Payroll Office by July 31.

I elect to receive my academic year salary according to the pay option indicated below:

10 PAY OPTION (September 1 through June 1) Faculty electing a ten (10) pay option will receive 10 equal payments of their academic year base salary beginning September 1 and continuing through the June 1 pay. On the June 1 pay, voluntary deductions (e.g. health coverage, vision coverage, voluntary life insurance, etc.) will be taken at three times the normal amount in order to cover employee contributions during the summer months.

12 PAY OPTION (September 1 through August 1) Faculty electing a twelve (12) pay option will receive 12 equal monthly payments of their academic year base salary beginning September 1 and continuing through August 1. Voluntary deductions (e.g. health coverage, vision coverage, voluntary life insurance, etc.) will be taken on a monthly basis including the summer months. If the employee separates from service with ISU prior to May 31 (the end of the academic year appointment period) for any reason, any unpaid amounts will be paid out in a lump sum as part of the employee's final pay (net of withholding for taxes and voluntary deductions).

I understand that the payment option I have elected above will remain in effect from year to year as long as I remain on an academic year appointment at the University. I understand that I may change my payment option for future academic years by submitting a new Academic Year Payment Option Form to the ISU Payroll Office prior to August 1 of the academic year in which such change is to take effect. I understand that once the academic year appointment period begins on August 1, the option I choose is irrevocable and that payments must be made according to the payment option elected through the completion of the payment option cycle.

Employee Signature _____ Date _____