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Faculty Optional 12 Month Payment Plan Description and Procedures

Plan Description and Eligibility

Beginning September 2013, the Stockton University offers an optional 12 month payment plan option to all full-time 10 month employees. The plan will allow for the annual base salary to be paid over 26 pay periods.

Procedures and Payment Details

In order to participate in the plan, an application form must be completed, and submitted to the Office of Human Resources no later than 5pm on the last business day of the month of June, immediately preceding the respective academic year. Applications cannot be rescinded after the submission deadline. Participation in the plan can only be withdrawn during the next application cycle.

The plan covers base salary only. Supplemental payments will not be included (overload, coordinator, etc.).

The traditional 10 month payment plan will remain unchanged.

The bi-weekly gross pay amount will be determined by dividing the annual base salary to be paid by 26 pay periods. However, the net pay amount will vary due to benefit and tax deductions.

All health, dental, union, and pension deductions (excluding supplemental pensions), will be deducted over the same schedule as the traditional 10 month payment schedule.

For mid-year salary increases, the deferred pay amount will automatically adjust.

Any unpaid leaves will reduce summer payment amounts.

The deferred payment schedule will likely result in less federal tax withheld over the course of the payment schedule. Employees should consult their tax advisor regarding updating form W-4 to ensure enough taxes are withheld. The HR / Payroll office can provide information to assist in making a decision, but cannot provide advice on withholding selections.

Section 409(a) of the Internal Revenue Code allows for earnings under this plan to be taxed when they are paid. Some limitations may apply. Addition information can be found at http://www.irs.gov/pub/irs-tege/409a_presentation.pdf.