

POLICY ON ACADEMIC YEAR FACULTY PAID OVER 12 MONTHS  
DIVISION OF ACADEMIC AFFAIRS  
Effective June 4, 2008

Faculty on academic year salaries ordinarily must be paid as they earn their salaries during the appointment period (22 pay periods). However, the university does provide an option for academic year faculty to have their academic salaries paid over a 12-month period (26 pay periods). According to the IRS, “deferred compensation arises in an arrangement under which compensation earned in one [tax] year is paid in a later year.” In order to avoid the tax penalties usually associated with deferred compensation, a faculty member must formally elect to defer.

The faculty member’s election must be documented and recorded by the institution. The institution will establish the annual deadline date for the election decision. The election will stay in place indefinitely until the faculty member elects a change. Moreover, the election cannot be changed after the academic year begins. A faculty member who chooses the 26-pay election and separates from the institution prior to receiving all salary earned will be paid all earned but unpaid salary in a single lump sum within 30 days of separation.