Announcing Pay Cycle Changes Effective January 1, 2019

FT/PT ENGINEERS, IT CLIENT SERVICE REPS, PT OPE HOURLY, SI CHURCH, PT PUBLIC SAFETY and, all other NON EXEMPT HOURLY:

In an effort to further improve business efficiencies and align with best practices, effective Jan. 1, 2019, all university employees, other than full-time faculty members, will be paid semi-monthly in arrears.

Why are the pay cycles changing?

With this change, the university will be able to provide increased transparency. The new pay cycle will also help streamline the university’s time-keeping systems, keep vacation and sick leave balances current, and increase timesheet accuracy. These pay changes are in accordance with applicable payroll guidelines.

What is the new pay cycle?

- As a reminder, employees are currently paid regular and exception pay on the 1st and the 15th of every month.
- Going forward, employees will be paid regular and exception pay on the 7th and the 22nd of every month.
- The first payday in 2019 will be on Jan. 22, 2019.

<table>
<thead>
<tr>
<th>Pay Period</th>
<th>New Payment Date</th>
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<tbody>
<tr>
<td>1st through the 15th</td>
<td>22nd of the same Month*</td>
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<tr>
<td>16th through the last day of the month</td>
<td>7th of the next Month*</td>
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*Note: If the 7th or the 22nd fall on a weekend or official holiday, payment will occur on the preceding business day.

How will the transition affect my pay in December and January?

- As in years past, you will be paid early on Dec. 21, 2018 - the university’s last business day of the year - for your regular pay, Dec. 6 through Dec. 20.

- Your first paycheck for 2019 will occur on Jan. 22, 2019, seven calendar days later than you were previously paid in January 2018.


What if I need help managing the transition?

- To assist employees with the transition, the university is offering a supplemental pay option.
  Vacation Cash Out: Cash out up to seven vacation days (going into negative vacation days is permitted for this one time option) which would be included in the Dec. 21, 2018 paycheck.
    ■ Applicable income and employment taxes will be withheld from the vacation cash out payment and the amount will be included as taxable income on your 2018 IRS Form W-2.
    ■ You must decide if you want to take advantage of this option and complete the necessary paperwork by Nov. 1, 2018.
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- The Pay Cycle Calculator has been created by Payroll to help employees determine whether the supplemental pay option fits their needs and is located on the Payroll home page on myUSF. Please note, the Pay Cycle Calculator provides only an estimate of your pay based on certain inputs provided by you. Please consult with your own personal financial or tax advisor if you have questions regarding the supplemental pay option or tax issues related thereto.
- The University will provide independent financial planners during the fall semester to help you budget for the change in the payroll cycle. More information on scheduling an appointment will be forthcoming.

Next steps:

- Remember: If you do not choose the option above, you will by default, have chosen not to receive any financial assistance during this pay cycle transition.
- Since this change may impact your cash flow, review your budget and financial obligations and contact your financial institutions and other related businesses ahead of time. If necessary, make adjustments as needed to ensure your bill payment schedules align with the new pay dates.
- Consider making an appointment with one of the university provided independent financial planners during fall semester.
- If necessary, consult with your personal tax advisor.
- Make your election and submit your paperwork no later than Nov. 1, 2018. No late elections or paperwork will be accepted.

Resources:

- The following resources are available on the Payroll home page:
  - Pay Cycle Calculator to forecast the estimated impact of the vacation cash out in December 2018
  - Pay Cycle FAQ
  - Web forms and printable forms
- Contact payroll@usfca.edu if you have additional questions.