

## Salary Reduction FAQ

### **Q. When are salary reductions taking effect?**

August 1, 2020 for employees paid monthly and August 16 for employees paid semi-monthly.

### **Q. Is everyone participating in the salary reduction program?**

Executive and leadership team members began reductions effective June 1, 2020. Full-time faculty and staff salary reductions will begin on August 1, 2020 for monthly and for non-represented staff on August 16 for semi-monthly.

### **Q. How were the percentages and bands determined?**

The decision was made to protect a minimum salary amount of \$70K and then apply a progressive (tiers) reduction that applies across the board to employees within each tier.

### **Q. How long will salaries be reduced?**

This program will last for the entirety of fiscal year 2020/2021, through May 31, 2021, or possibly longer if the current financial situation does not improve.

### **Q. When will salary reductions end?**

Salary reductions are currently planned to be in effect through May 31, 2021. If the university's financial situation does not improve then the reductions may be in effect for a longer period.

### **Q. I am new to USF. Does this salary reduction apply to me as well?**

Yes. The salary reduction applies to non-represented USF employees and Full-time faculty and librarians regardless of when they were hired.

### **Q. How will my pay be affected if I am both furloughed and salary reduced?**

If you are furloughed by more than 20%, you will not experience a salary reduction. For employees who are not furloughed or are furloughed 20% the salary reduction is as follows:

1. All salaries are annualized (brought to 1.0 FTE)
  2. The salary reduction is taken based on the [Salary Reduction Program](#)
  3. The furlough reduction is taken (20%) if applicable
- Example:
    - FTE salary is \$100,000
    - Reduced salary = \$95,500
    - Furlough at 20% (if applicable)
    - The furloughed salary is \$95,500 \*.80 furlough = \$76,400

**Q. How does this affect my benefits?**

If the salary reduction moves you to a different benefit tier, you will pay the new [benefit premium associated with that tier](#). The actual healthcare benefit plan will not change. Your Voluntary Disability Insurance (VDI) tax and benefits will be based on your reduced salary earnings. Your LTD insurance benefits are calculated on your wage or salary in effect just prior to the date your disability period begins. NOTE: LTD premiums will be based on the newly reduced salary.

**Q. How will this affect my retirement contributions?**

401a: The employer contribution into the 401(a) plan is based on eligible compensation you receive from hours worked. **The contribution is a percentage based on your new reduced salary.**

403b: If you currently have a 403(b) salary reduction on file, the flat dollar amount or percentage will continue to be deducted from your paycheck. If you want to stop contributing or reduce the amount of your contribution into the 403(b) plan, you must log into [Retirement at Work](#) and update your current elections.

**Q. Can I change my contribution to my 403(b)?**

Yes. If you want to stop contributing or reduce the amount of your contribution into the 403(b) plan, you must log into [Retirement at Work](#) and update your current elections.

**Q. How will I know what my new take home pay is?**

All faculty and staff will be notified through Workday by July 31 of their pre- and post-reduction salaries (per pay period) on both a pre-tax and post-tax basis. The reduced salary will be reflected in the Sept. 4 paycheck for the pay period Aug. 16–31.

**Q. Can I cash out vacation hours to make my salary whole?**

No, this is not an option at this time.

**Q. Can I withdraw money or take a loan from my retirement account?**

With the recent passage of the CORONAVIRUS, AID, RELIEF AND ECONOMIC SECURITY (CARES) ACT, you may be eligible to request a Coronavirus-related Distribution (withdrawal) up to the deadline date of December 30, 2020. To determine if you are eligible, please contact TIAA at 1-800-842-2252 or Fidelity at 1-800 343-0860.

You may also be eligible to request a loan from your 401(a) and/or 403(b) plan with TIAA. You are allowed up to two outstanding loans per plan. To determine how much money you may be eligible to borrow, please contact TIAA at 1-800-842-2252 for more information.

**Q. How will this affect my child care subsidy account?**

There is no change to your child care subsidy.

**Q. Is the salary reduction program considered a qualifying event for changing my benefit elections?**

No. Per the new IRS guidance (Notice 2020-29), a reduction in salary is not a qualifying event that would allow an eligible employee to drop or change their health care elections.

**Q. Will I be able to adjust my state and federal withholdings?**

Yes. You can change your withholding elections anytime by logging on to USFWorks and navigating to the pay worklet. The job aid for changing your withholding can be found here: [Changing W-4 withholding elections](#).

**Q. May I suspend my parking permit deduction while on the salary reduction program?**

Yes. Please contact Public Safety for assistance.

**Q. How does the salary reduction program affect my union dues?**

You should contact your union representative directly. The university will comply with the applicable terms of the collective bargaining agreement.

**Q. How are the savings from salary reductions being used?**

The savings is being used to close the budgetary gap between decreasing revenues and our increased costs.