Bi-weekly Pay Cycle Conversion Frequently Asked Questions

1. I’m paid monthly. Will I convert to the bi-weekly pay schedule?
   Not all employees will convert to the bi-weekly pay schedule; only employees whose job titles are considered non-exempt under the Fair Labor Standards Act (FLSA) will convert to bi-weekly. Employees whose job titles are exempt will remain monthly.

2. What do “Non-exempt” and “Exempt” mean?
   Non-exempt employees are eligible for overtime under the Fair Labor Standards Act (FLSA) and must record time worked. Exempt employees are excluded from overtime. If you are unsure of your exemption status, please check with your departmental Personnel Coordinator for assistance.

3. Why are “Exempt” employees remaining monthly?
   Exempt employees receive a predetermined salary each pay period regardless of the amount of time worked in that period. Also, exempt employees are not eligible for overtime. Exempt employees are only required to report non-productive time such as vacation or sick-time usage.

4. Why must “Non-exempt” employees report time?
   FLSA regulations require employees to track their time worked by the hour and require that overtime be paid for work in excess of 40 hours in a work week. To ensure that the University meets these regulations, non-exempt employees must report time worked each day. The bi-weekly pay cycle was specifically designed to help track hours worked and overtime.

5. Can I choose not to go to the bi-weekly pay schedule?
   No. It is planned that non-exempt employees will be converted to the bi-weekly pay schedule on July 1, 2012. For represented employees, the change is subject to the requirements of the Higher-Education Employer-Employee Relations Act (HEERA).

6. When will the change from a monthly pay schedule to a bi-weekly pay schedule take effect?
   • If you are being converted to the bi-weekly pay schedule you will receive your last monthly paycheck on 06/29/12. This check will include earnings for the pay period of 06/01/12 – 06/30/12.

   • Your first bi-weekly pay check will be on 07/18/12. This check will include the earnings for the pay period of 07/01/12 – 07/07/12.

7. Why is this change necessary?
   • This change is one of the UC goals for continuous improvement of the quality and efficiency of the University’s business processes. Some benefits of the change are:
     • Systematic approach to Payroll Time Reporting
     • Standardize payroll cycles across the UC
     • More efficient and effective time reporting
     • Fewer manual adjustments
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- Reduced number of overpayments

8. **What is the advantage to me?**
   - You will now be paid every other week rather than waiting a whole month between checks.
   - Any overtime hours you work in the pay period will be paid faster.
   - Your vacation and sick-leave balances will be current.

9. **I’m currently paid on the 1st of the month. What will my payday change to?**
   As a bi-weekly employee, you will receive your earnings every other Wednesday. Please refer to the [Pay Day Calendar](#) for a complete list of the pay dates for 2012.

10. **I know that there are 12 monthly pay periods in a calendar year. How many bi-weekly pay periods are in a calendar year?**
    A bi-weekly pay cycle consists of 10 working days, beginning on Sunday and ending on the second Saturday of the pay period. You are paid every two weeks, giving you a total 26 bi-weekly pay periods in a calendar year.

11. **Will the change in pay frequency affect my sick and vacation accruals?**
    No. You will still receive the same amount of accruals. What will change is the accrual schedule. Monthly employees receive accruals on their monthly pay day. Bi-weekly employees receive sick and vacation accruals every four weeks. Please refer to the [UCLA Bi-weekly Payroll Calendar](#) for the bi-weekly accrual periods and dates.

12. **How is my hourly rate determined?**
    Take your annual salary and divide it by 2088 (the number of working hours in a year).
    *For example*, your annual salary is $39,000.00 per year:
    $39,000.00 ÷ 2088 = $18.68 per hour

13. **What if anything, should I do?**
    We encourage you to review your personal budget situation and determine your income needs based on a bi-weekly pay schedule. Please note that your first bi-weekly check on 07/18/12 will contain five days of earnings.

    In preparation for the conversion, you may want to:
    - Review your current tax withholdings elections to make any necessary changes. Pay particular attention to additional tax withholding amounts. See question 25 for more details.
    - Request that creditors adjust your automatic withdrawal or bill pay dates to align with your new pay schedule.
    - Consider UCLA Transition Assistance options.

14. **What are the UCLA Transition Assistance options?**
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To assist employees through the bi-weekly transition, UCLA is offering two options:

- Cash out of accrued vacation
  - The University is offering an opportunity for employees to cash out up to 80 hours of accrued vacation leave.
- A personal loan
  - Employees may also apply for a short-term personal loan up to $1,000.

For more information on these options and how to apply, visit [www.payroll.ucla.edu](http://www.payroll.ucla.edu).

15. I need some financial assistance to help through the transition. Can I apply for both Vacation Cash Out and a Personal Loan?
   Yes. You can apply for both, but you can only apply one time for each option. Make sure you take into account the repayment amount for the Personal Loan, since this will represent an additional deduction from each paycheck.

16. Will I need to make any changes to my direct deposit?
   No. If you currently have your pay earnings sent to direct deposit, you do not have to make a change. If you have automatic bill pay from your account, you may want to talk to your financial institution about any necessary changes.

17. What if I pay some of my bills through the automatic bill pay?
   If you have automatic bill pay set up for any regular expenses, for example mortgage payments, student-loan payments or car payments, we encourage you to work directly with your financial institution(s) to change payment dates as needed.

18. What is a Benefits Deduction Holiday?
   A Benefits Deduction Holiday occurs when three biweekly pay period end dates fall within the same month. No flat dollar deductions are taken for the payday that reflects payment for the third pay period; only percentage deductions are taken—Benefits Deduction holidays occur two times every year.

   You can find the deduction holidays by referring to the double squared icon on the [UCLA Bi-weekly Payroll Calendar](#).

19. Which benefit deductions are not taken when there is a Benefits Deduction Holiday?
   Any “flat-dollar” payroll deductions are not taken. A “flat-dollar” deduction just means one that is not based on a percentage. Examples of a “flat-dollar” deduction are medical, legal, life insurance, disability, flexible spending accounts, parking, credit union and 403(b) loans.

20. I have a garnishment deduction. How will the transition to bi-weekly pay affect the amount deducted for my garnishment?
If the garnishment deduction is calculated as a percentage of your earnings, a deduction will occur each pay period, up to the maximum deduction allowed, and based upon federal and state regulations. For example, a garnishment deduction of 25% will be taken each pay day.

If the garnishment deduction is a fixed flat-dollar amount, the amount is recalculated to a bi-weekly amount. That calculation is then divided into two payments. For example, a monthly $250.00 garnishment payment will become $125.00 deducted against each bi-weekly pay check.

21. Is there a chart that shows the benefit deduction schedule? Yes. You can refer to the Bi-weekly Benefit Deduction Schedule for a complete list of the benefit deduction paydays. This chart lists the first bi-weekly payday of each month and the Benefit Deduction Holidays for the year.

22. When is my retirement deduction taken? The UC mandatory retirement contributions, UCRP, DCP-REG and DCP- Safe Harbor are taken each bi-weekly payday. There is no holiday for these deductions.

23. What about my contributions to UCRP? Since your contributions to UCRP are based on a percentage of your salary, the UCRP deduction will be taken from all 26 bi-weekly paychecks each year, even when there is a Benefits Deduction Holiday.

24. I contribute to my 403(b) and 457(b) plans. When will my contributions be taken? If your contributions are set up as a percentage deduction, the percentage amount will be taken each pay day. For example, if your current 403(b) contribution is set at 5% per month, a 5% contribution will made each bi-weekly pay day.

If your contributions are set up as a fixed flat-dollar amount, the flat-dollar amount will be divided and taken each bi-weekly payday. For example, if your current 403(b) contribution is $100.00 per month, it will be divided into a $50.00 contribution each bi-weekly pay day.

As explained above in Q19, if you contribute using the “flat dollar” method, then there will be no deduction when there is a Benefits Deduction Holiday. But, if you contribute using the “percentage” method, then there will be a deduction on a Benefits Deduction Holiday.

25. Will I need to make any changes to my taxes or withholdings? If you have an additional tax amount deducted from your paycheck, that monthly amount will be split in half and 50% will be withheld from each bi-weekly check. If you do not
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want the current additional amount to be split in this manner, go to At Your Service Online (AYSO) and review and/or update your W-4/DE-4 Form.

26. **How does the change in pay frequency affect my Federal and State taxes?**

We will continue to tax you according to the Federal W-4 and CA State DE-4 forms you currently have on file. Your bi-weekly earnings will be taxed based upon the bi-weekly tax schedule set by the Internal Revenue Service and the Franchise Tax Board. You can review the current tax schedules here:

- **Federal Income:** [http://map.ais.ucla.edu/go/1004906](http://map.ais.ucla.edu/go/1004906)
- **California State Income:** [http://map.ais.ucla.edu/go/1004907](http://map.ais.ucla.edu/go/1004907)

27. **Will there be ongoing communication?**

Yes. Ongoing communication will be shared with affected staff regarding the transition. Information will also be distributed to departmental payroll offices and information sessions will be offered for staff. If you have any questions on which you need immediate assistance, contact Manager Irma Arellano, Payroll Services at iarellan@finance.ucla.edu.