CHANGING PAY FREQUENCY

EMPLOYEE TRANSITION GUIDELINES
2017
Included in this Guide:

- Exempt/Nonexempt status
- Pay Cycle
- Calculate Hourly Rate
- Vacation and Sick Accruals
- Payroll Calendar
- Deductions
- Timekeeping
- Other issues to consider
- Resources
WHAT’S THE DIFFERENCE?

**Exempt Employee**

- Not eligible for overtime
- Must record exceptions to work using TimeOut (Sick, Vacation, etc.)
- Salaried
- Paid monthly

**Non-Exempt Employee**

- Overtime Eligible
- Non-exempt employees must be paid for all hours worked
- Must record all hours worked in addition to absences
- TimeOut is no longer used to record absences
- Paid bi-weekly

The Fair Labor Standards Act (FLSA) governs if a role is exempt or non-exempt from overtime pay.
Converting from exempt to non-exempt means three important things to remember:

1. You will move from being salaried to hourly. This means you are required to report all time worked.
   - Method of time reporting is specific to department (Kronos, Deltek, TechTime, Paper)
2. You will no longer use TimeOut to record exceptions to time worked or to request time off.
3. You will move from being paid Monthly to **Bi-Weekly** (every two weeks).
   - Monthly - 12 Pay Periods a year
   - Bi-Weekly - 26 Pay Periods a year
Converting from non-exempt to exempt means four important things to remember:

1. You will move from being hourly to salaried. You are not eligible for overtime.

2. For most departments, you will no longer be required to record all hours worked.

3. You are required to report exceptions to work in TimeOut. (Vacation, Sick, etc.)

4. You will move from being paid Bi-Weekly to Monthly, paid on the last working day of the month.
   - Monthly - 12 Pay Periods a year
   - Bi-Weekly - 26 Pay Periods a year
## Pay Cycles After Conversion

<table>
<thead>
<tr>
<th></th>
<th>Monthly Pay Cycle</th>
<th>Bi-Weekly Pay Cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Cycle</td>
<td>First to last day of the month.</td>
<td>Thursday to Wednesday. Two-week period.</td>
</tr>
<tr>
<td>Paychecks Per Year</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>Paycheck Date</td>
<td>Last day of the month</td>
<td>Every other Friday after pay period. Payday is 11 days in arrears.</td>
</tr>
<tr>
<td>Overtime Eligible</td>
<td>Exempt: NOT eligible for overtime.</td>
<td>Non-exempt: Eligible for overtime</td>
</tr>
<tr>
<td>Overtime Paid</td>
<td>N/A</td>
<td>Paid in bi-weekly check when earned.</td>
</tr>
</tbody>
</table>
Hourly pay rate is derived in the following calculation:

Take annual rate divided by 2,080 to determine hourly rate.

$\frac{\$43,041.00}{2,080} = \$20.69$

*In some years, the actual time worked will be 2080, 2088, or 2096 depending on how the calendar falls.
SICK AND VACATION ACCRUALS

• Annualized accruals will not change.

• Monthly accruals will vary if you are non-exempt, depending on the number of working hours per month.

Vacation: http://policies.gatech.edu/vacation

Sick Leave: http://policies.gatech.edu/employment/sick-leave
Monthly and Bi-Weekly Payroll Calendars can be found here: http://ohr.gatech.edu/payroll
Payroll deductions are taken from paychecks either as:

- Flat dollar deduction amount
- Percentage deduction based on earnings
12 MONTHLY Paychecks a year

• All deductions taken once a month
• Medical deductions on each monthly paycheck is for coverage the month pay is received.
  o For example, January 31st paychecks include deductions for coverage during the entire month of January

26 BI-WEEKLY Paychecks a year

• Most deductions taken in only 24 paychecks a year
  o Flat dollar deductions are divided and deducted from 24 bi-weekly paychecks
• For two pay checks of the year only percent-based deductions are deducted
  o No medical deductions
• Deductions on bi-weekly paycheck is for coverage in the month when the check is paid.
  o For example a pay period ending near the end of one month will be paid in the next. This will be the first payment for the next month.
## FLAT DOLLAR AMOUNT DEDUCTIONS

### NON-EXEMPT

<table>
<thead>
<tr>
<th>Flat Amount deducted Twice Per Month (24 paychecks)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Insurance</strong></td>
</tr>
<tr>
<td>• Health Insurance</td>
</tr>
<tr>
<td>• Life &amp; Dependent Life</td>
</tr>
<tr>
<td>• Accidental Death &amp; Dismemberment</td>
</tr>
<tr>
<td>• Supplemental Life Insurance</td>
</tr>
<tr>
<td>• Supplemental Disability</td>
</tr>
<tr>
<td>• Health Care/Dependent Care</td>
</tr>
<tr>
<td><strong>Other</strong></td>
</tr>
<tr>
<td>• Additional flat dollar</td>
</tr>
<tr>
<td>• Garnishments depending on withholding order</td>
</tr>
<tr>
<td>• Transit and Parking, etc.</td>
</tr>
</tbody>
</table>
## Percentage-Based Deductions

<p>| | |</p>
<table>
<thead>
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</thead>
</table>
| **Taxes** | • Federal  
• State  
• OASDI (Social Security)  
• Medicare |
| **Retirement** | • USG Retirement Plan (TRS or ORP)  
• 403B or 457B if elected % Deduction (for example, 3% of every check) |
| **Other** | • Garnishments depending on withholding order |
There are certain deductions that will not automatically change with your new pay schedule:

Go into TechWorks to manually update:

- Flat amount direct deposits
- Flat amount of additional tax
- Credit Union deductions
- Payroll deductions to load BuzzCard
- 529 College Savings Plans

Go into Retirement Manager to manually update:

- 403B or 457B
Contact Lenders, Banks, Landlord, etc. and request to:

- Move bill due dates to correspond to new pay cycle
- Split monthly bill in two payments if moving to bi-weekly pay cycle
THINGS TO KNOW AS YOU PREPARE

- Align with your manager on how to handle overtime if you are eligible, flex time, scheduling, campus involvement, professional development, etc.
- Consider the financial impact and visit TechWorks to review your voluntary deductions (i.e., BuzzCard funds, flat amount direct deposits, elected percentages for supplemental retirement plans).
- Take advantage of the Employee Assistance Program (EAP) Financial Planning services.
- Understand what time-keeping system you will be using.
- Understand the time-keeping policy. If you are non-exempt, your manager should not ask you to not report time, and you should not work undocumented time.
RESOURCES

Main GTHR FLSA Website:  www.ohr.gatech.edu/flsa
FAQs:  FLSA FAQs
Travel Guidelines:  Travel Guidelines for Nonexempt Employees