Deferred Pay Guide

As a benefit for George Mason University 9-month faculty, we offer the option of deferred pay. Deferred pay allows a faculty member who works for nine months to receive their pay over a twelve-month period.

Our goal is to equalize your paycheck throughout the year. This goal can sometimes cause confusion in the actual paycheck amount, especially since it is a change from how deferred pay worked previously. 9-month employees are paid from August 25 to the following May 24. Any deferred salary is paid from May 25 to August 24. In order to get paid over the summer, the difference between the semi-monthly pay for 18 pays and 24 pays is deferred.

Example 1: No Salary Change During the Year

- 9-month contract salary is $48,000

$48,000/24 = $2,000 semi-monthly pay period amount

$48,000/18 = $2,666.67 pay period amount for 18 pays

Paycheck Amount = $2,000   **Deferred Amount = $666.67** = $2,666.67 - $2,000

Total amount deferred is $12,000.06. This balance is depleted over the summer with 6 equal pays of 2,000.

Example 2: Salary Change on 11/25

- Initial 9-month contract salary is $48,000

$48,000/24 = $2,000 semi-monthly pay period amount
$48,000/18 = $2,666.67 pay period amount for 18 pays

Paycheck Amount = $2,000   **Deferred Amount = $666.67**

On 11/25, employee receives a pay raise to $52,000.

$52,000/24 = $2,166.67 semi-monthly pay period amount
$52,000/18 = $2,888.89 pay period amount for 18 pays

Since the pay raise occurs part way through the cycle, Banner looks at what has been earned and deferred so far and determines the remaining amount to be paid, keeping in mind the goal of equalizing pay over the whole year. It will increase the amount deferred and lower the paycheck amount so that the remaining 18 checks will be equal to each other.

New Paycheck Amount= $2,148.15   **New Deferred Amount= $740.74**

Total amount deferred is $12,888.90. This balance is depleted over the summer with 6 equal pays of $2,148.15. The mathematical formulas supporting the new amounts are as follows:

New Paycheck Amount (Old Defer Pay Amount times the number of Accruals passed) plus (New Amount Earned Per Pay Period times the number of accruals remaining) = Amount to be Paid for Entire Deferred Pay Cycle divided by the number of pays left in Deferred Pay Cycle

$$\$2,148.15 = (\$666.67 * 6) + (\$2,888.89 * 12) = 38,666.70/18$$

New Deferred Amount = New Amount Earned per Pay Period minus New Per Paycheck Amount

$$\$740.74 = 2,888.89 - \$2,148.15$$