



Important Information Regarding Faculty 9-Pay-12 Salary Elections

The Internal Revenue Service has issued regulations and guidance to the effect that faculty members on nine-month appointments who elect to receive their pay over a 12-month period are subject to tax rules regarding deferred compensation. For academic years beginning in 2008-2009, such faculty members must make a valid deferred compensation election, as prescribed by tax rules, in order to avoid current taxation on deferred pay and an additional penalty of 20% income tax. If an employer makes payments of deferred compensation for which valid elections were not obtained, the amounts must be reported on employees' Form W-2.

A faculty member who is on a nine-month academic appointment will receive his or her pay as it is earned over the nine-month period unless he/she makes an election to be paid over 12 months. The election must be made before the first day of the academic year to which it applies, and must be returned to the faculty member's departmental payroll liaison by June 30* before the start of the academic year for which it will take effect. Forms received after that date will be held for the next academic year. New employees hired after June 30* will have 30 days from the date of hire to make an election.

Once an election has been made, it is irrevocable for that academic year except in case of the faculty member's termination, death, disability or unforeseeable emergency. An election will remain in effect each year until it is changed. If a faculty member wishes to change his or her election, the change cannot be applied until the following academic year. For additional information, please see the list of *Frequently Asked Questions – Election to Receive Salary Payment Over 12 Months* at

www.cu.edu/sites/default/files/policies/docs/9-12form_0.pdf. You may also email questions to Employee Services at **employeeservices@cu.edu**.

Elections to defer salary over 12 months are available only to faculty members who are on nine-month appointments that begin in August and end in May. The election applies only to base pay from the academic appointment. A faculty member's nine-month appointment and his or her total salary amount is not changed or affected by an election to receive salary over a 12-month period.

When a faculty member elects to receive salary over twelve months, he or she agrees to certain conditions as stated on the election form. These conditions should be studied carefully before the form is signed and submitted. To make a valid election to receive salary from your nine-month faculty appointment over 12 months, complete and return the *Faculty Election to Defer Receipt of Salary Payment* form at

www.cu.edu/sites/default/files/policies/docs/9-12form_0.pdf to your department payroll liaison by June 30*.

***Note: Due dates may vary by campus. Check with your campus human resources office.**