

Implementation Policy and Election Form: Deferred Compensation under IRS Code 409A

Instructions: *Please read the following implementation policy and complete the Deferred Compensation Election Form (page 2) to elect or change your academic year payment schedule. The deadline to submit an election form for the coming academic year is August 15th.*

Implementation Policy:

Effective with the 2008 academic year, the College of Charleston implemented the requirements of section 409A of the Internal Revenue Code governing deferred compensation (*i.e.*, compensation earned in one taxable (calendar) year, that is not paid until a future year). This implementation applies to faculty members who work under a nine-month contract, but voluntarily elect to receive their compensation over a twelve-month period, thus deferring a part of their income from one taxable year to the next Code.

Effective August 16, 2013, the default payment schedule for College of Charleston employees on nine-month appointments will be a twelve-month schedule, with payments on the 15th and the last day of the month, from August 16th through August 15th of the following year. Individuals who choose to be paid over a nine-month period rather than the twelve-month period must make a written election to do so, using our "Deferred Compensation Election Form" (page 2). In the event that a completed election form is not received (an if one is not on file) in the Office of Human Resources in accordance with the stated election deadline, the compensation will be paid according to this default twelve-month payout schedule (unless you have previously submitted a written election form for the nine-month payment schedule).

Your election must be made, in writing, prior to the first day of the contract period for which the election is to be in effect, which means typically by August 15, and is irrevocable for the contract period (*i.e.*, cannot be changed after commencement of the academic year). Election changes can be made for future academic years but must be made in writing to the Office of Human Resources before the first day of the academic year in which an election change is desired.

In the event a separation from service occurs before the end of a twelve-month payment period, the employee will be entitled to a final payment for any amount actually earned prior to separation but not yet paid. For this purpose, "separation from service" shall have the same meaning as that term is defined in section 1.409A-1(h) of the Treasury Regulations.

Additional information about this policy is available in the College of Charleston Deferred Compensation FAQ.

**Election Form: Deferred Compensation
under IRS Code 409A**

To be completed by Employee: (Must be received in the Office of Human Resources by August 15 for the coming academic year)

Employee Name:		CWID:
Job Title:	Division:	Department:

My signature below indicates that I have reviewed this statement and elect to receive my compensation according to the option selected on this form. I understand that this election must be received in Human Resources no later than August 15 for the coming academic year and that it is irrevocable for the contract period. I further understand that this election will remain in effect until this form is submitted electing a different payment option. I also understand that in the event a separation from service occurs before the end of the payment period, I will be entitled to an additional payment for any amount actually earned prior to separation but not yet paid. For this purpose, "separation from service" shall have the same meaning as that term is defined in section 1.409A-1(h) of the Treasury Regulations.

SELECTION (check one of the following choices below):

 I elect to have my nine-month academic year compensation paid to me over 12 months, rather than nine months (from August 16 through August 15 of the following year). All payments shall be made on the 15th and last day of the month. As a result of this election, I understand that 25% of each semi-monthly salary payment during the academic year (August 16 through May 15) will be deferred and paid to me during the following summer (May 16 through August 15); and that my W-2 for a calendar year will reflect the compensation paid to me by December 31st and will not include the sum that has accrued (but has not yet been paid) until the following summer.

 I elect to have my nine-month academic year compensation paid to me over 9 months in 18 installments (from August 16 through May 15). All payments shall be made on the 15th and last day of the month.

Signature: _____ Date: _____