

CalTime Biweekly Pay Cycle Conversion Frequently Asked Questions

Introduction

This **Payroll Frequently Asked Questions (FAQ)** document includes answers to questions related to the impact of the **Biweekly Pay** transition on your pay (including paycheck, pay period, pay rate, benefit and retirement deductions, tax withholdings, etc.).

Here's where to find additional information:

- For **Accruals Frequently Asked Questions**, go to the Central Payroll website's <http://controller.berkeley.edu/biweekly-pay-conversion> webpage.
- For **up-to-date Biweekly Pay Payroll information**, visit Central Payroll website's dedicated webpage at <http://controller.berkeley.edu/biweekly-pay-conversion>.
- For **general CalTime and Biweekly Pay** information, including FAQs, training on how to report and approve time, and much more visit the CalTime website at <http://caltime.berkeley.edu>.

Who is transitioning to Biweekly Pay?

Only employees whose job is defined as non-exempt under the Fair Labor Standards Act (FLSA) will convert to Biweekly Pay. Employees whose job titles are exempt will continue to be paid monthly.

FLSA regulations require non-exempt employees to track their hours worked, so they can be paid overtime for work in excess of 40 hours per week. To ensure that the university meets these regulations, non-exempt employees report their actual time worked each day.

Exempt employees receive a predetermined salary each pay period, regardless of the amount of time worked, and are not eligible for overtime. Exempt employees are required to report only nonproductive time, such as vacation or sick time.

CalTime Questions

If you have additional questions about CalTime, please reach out to your supervisor. If your supervisor is not able to assist you, or you have more complex technical system questions, please email caltime@berkeley.edu.

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Frequently Asked Questions

Exempt vs. Non-Exempt Status

1. What do “non-exempt” and “exempt” mean?
2. How can I find out if I am a non-exempt or an exempt employee?

How will this change impact me?

3. What are the biweekly paydays?
4. How much money I will get paid with each biweekly paycheck?
5. How can I calculate my hourly rate from my previous monthly or annual salary?
6. How many biweekly paychecks will I get?
7. Is being paid biweekly the same as being paid semi---monthly?
8. I’m currently paid on the first of the month. What will my new payday be?
9. I’m now being paid semi-monthly (on the 8th and the 23rd). Will I convert to the Biweekly Pay schedule?
10. Do I need to make changes to my direct deposit as a result of transitioning to Biweekly Pay?
11. What if I pay some of my bills through automatic bill pay?

Benefits and deduction inquiries

12. I have been paying my benefits once a month. Will this change with Biweekly Pay?
13. I learned that even though my first biweekly check (Nov. 19) will only include 1 one week of earnings, UC Berkeley is taking half of my monthly benefits deductions from that paycheck. Why?
14. What is a Benefit Deduction Holiday?
15. When is my retirement deduction taken?
16. I contribute to my 403(b) and 457(b) plans. When will my contributions be taken?
17. Will I need to make any changes to my taxes or withholdings?
18. How does the change in pay frequency affect my Federal and State income taxes?

Miscellaneous

19. Will employees in academic job titles (positions) transition to biweekly pay?
20. I have a garnishment deduction. How will the transition to biweekly pay affect the amount deducted for my garnishment?
21. Prior to November 1, 2014 pay was based on 12 calendar months. How will my earnings be affected now that we have switched from monthly paychecks to biweekly paychecks?
22. Is my pay based on 2088 or 2080 hours worked per year?

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Frequently Asked Questions

Exempt vs. Non-Exempt Status

1. What do “non-exempt” and “exempt” mean?

- **Non-exempt** employees are eligible for overtime under the Fair Labor Standards Act (FLSA) and record their actual time worked.
- **Exempt** employees are not eligible for overtime.

2. How can I find out if I am a non-exempt or an exempt employee?

If you are unsure of your exemption status, you can do the following to find out:

- Login into <http://blu.berkeley.edu> with your CalNet ID, and the top left corner of the webpage will display “non-exempt” or “exempt.”
- If you know your title code, you can go to <https://tcs.ucop.edu/tcs/jsp/nonAcademicTitlesSearch.htm>.
- If you don’t have online access or are still unsure, please check with your supervisor.

How will this change impact me?

3. What are the biweekly paydays?

Non-exempt employees will receive their earnings every other Wednesday. Please refer to the **Biweekly Payroll Calendar** available in the CalTime website at <http://caltime.berkeley.edu> for a complete list of the pay dates for 2014.

4. How much money will I get paid with each biweekly paycheck?

Yes. You can use the **Biweekly Pay Calculator** located on the Central Payroll website at <http://controller.berkeley.edu/payroll> to find out. (You will need to enter various numbers from your pay stub into the calculator.)

5. How can I calculate my hourly rate?

You can calculate your hourly rate (based on a 40-hour workweek) as follows:

Take your former monthly salary and divide by 174. (The number 174 is the UC standard of estimating the number of working hours in month). For example, if your monthly salary was \$3250 per month: $\$3250/174 = \18.68 .

6. How many biweekly paychecks will I get?

You will receive a minimum of 26 and a maximum of 27 paychecks in a year.

Because biweekly periods don’t always line up exactly to the calendar year, there is often a biweekly pay period that crosses over from December to January. Because of this, the gross pay reported on an annual W---2 tax form may not match exactly to your annualized pay (hourly rate x 2088 hours), and occasionally there will be 27 periods in one year.

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7. Is being paid biweekly the same as being paid semi---monthly?

It is not. People who are paid on the biweekly schedule will get a paycheck every other Wednesday, for two weeks of work. (Some months they will receive three paychecks.) Being paid semi---monthly means receiving a paycheck twice a month, no matter how many weeks there are in a month.

Please refer to the **Biweekly Payroll Calendar** available in the CalTime website at <http://caltime.berkeley.edu> for a complete list of the pay dates for 2014.

8. I'm currently paid on the first of the month. What will my new payday be?

If you are exempt, you will continue to be paid on the first of the month. If you are non-exempt you will receive your earnings every other Wednesday.

9. I'm now being paid semi---monthly (on the 8th and the 23rd). Will I convert to the Biweekly Pay schedule?

You will only convert to the biweekly pay cycle if your job is defined as non-exempt under the Fair Labor Standards Act (FLSA).

10. Do I need to make changes to my direct deposit as a result of transitioning to Biweekly Pay?

No. If you have set your pay earnings to be delivered through direct deposit, you will automatically continue to receive them via direct deposit.

11. What if I pay some of my bills through automatic bill pay?

If you transitioned to Biweekly Pay and have automatic bill pay set up for any regular expenses, such as 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.

Benefits and Deduction Questions

12. I have been paying my benefits once a month. Will this change with Biweekly Pay?

Yes. Payroll deductions will be split across the biweekly paychecks. Deductions are either fixed amounts (e.g. \$25) or a percentage of earnings (e.g. 2%). Fixed deductions are divided and deducted twice monthly. Percentage based deductions are deducted every check.

*For months with three pay periods, one paycheck will have no fixed flat dollar deductions taken (e.g., transit and parking deductions, credit union deductions, 403(b) loan payments, etc.). These paydays, referred to as "Benefit Deduction Holidays," will occur twice a year. They will be conveyed on the **Biweekly Payroll Calendar** available in the CalTime website at <http://caltime.berkeley.edu>.*

CalTime Biweekly Pay Cycle Conversion Frequently Asked Questions

13. I learned that even though my first biweekly check (Nov. 19) will only include 1 one week of earnings, UC Berkeley is taking half of my monthly benefits deductions from that paycheck. Why?

UC system---wide policy dictates that benefits deductions must be taken in advance. Therefore, prior to November 1st, all benefits deductions for the following month have been taken out from each monthly paycheck. As we move to biweekly pay cycles, deductions will be split across biweekly paychecks.

Keep in mind that although the Nov. 19 paycheck is smaller than a typical paycheck since it will only reflect one workweek and half of December's benefits deductions, it also arrives sooner than usual.

14. What is a Benefit Deduction Holiday?

A Benefit Deduction Holiday is the payday following a month that has three biweekly pay period end dates within the month. This paycheck will have no fixed benefits/deductions taken; only percentage---based deductions will be taken.

15. When is my retirement deduction taken?

Your UC mandatory retirement contributions, UCRP and DCP---CAS, are taken each biweekly payday.

16. I contribute to my 403(b) and/or 457(b) plans. When will my contributions be taken?

If you set up your contributions as a percentage deduction, the percentage amount will be taken each payday. For example, if your current 403(b) contribution is set at 5% per month, a 5 % contribution will be made each biweekly payday. If your contribution is setup as a flat amount, it will be deducted from 24 checks out of your 26 biweekly checks in the year. (It will not be deducted on the two Benefit Deduction Holidays in the year.)

17. 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 biweekly check. If you do not want the current additional amount to be split in this manner, please go to the At Your Service website and review and/or update your W---4/DE---4 Form.

18. How does the change in pay frequency affect my Federal and State income taxes?

Your income will continue to have taxes withheld according to the Federal W---4 and State DE---4 forms you currently have on file. Your earnings will have taxes withheld based on the biweekly tax schedules set by the Internal Revenue Service and the Franchise Tax Board. You can review the current tax schedules online at <http://controller.berkeley.edu/income-tax-withholding-information>.

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Frequently Asked Questions

Miscellaneous

19. Will employees in academic job titles (positions) transition to Biweekly Pay?

No. Academic employees will be paid on a monthly pay cycle and receive pay on the 1st of the calendar month.

20. I have a garnishment deduction. How will the transition to biweekly 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 based on federal and state regulations. If your garnishment deduction is a fixed flat dollar amount, the current monthly amount will be converted to a biweekly amount. The following equation will be used to calculate the biweekly amount: monthly deduction x 12 (months in year) divided by 26 (paychecks in a year).

- Percentage of earnings example: if your garnishment deduction is 25%, that percentage will be deducted from every paycheck.
- Fixed amount example: a monthly deduction of \$250.00 equals \$115.38 when deducted from each biweekly paycheck ($\$250 \times 12/26 = \115.38).

21. Prior to November 1, 2014 pay was based on 12 calendar months. How will my earnings be affected now that we have switched from monthly paychecks to biweekly paychecks?

When you were paid monthly, pay was consistent every month, regardless of how many hours or days were worked in each month. Twelve months always equaled one year.

With biweekly pay cycles, it is hours worked that matter. Pay is no longer measured on a calendar month.

Your new pay is based on 80 hours of work. This two-week pay cycle does not exactly align with months or calendar years. There are 52.14 weeks in a year, which typically translates into 26 pay checks but occasionally there will be 27 paychecks, which means that your annual pay will fluctuate over time.

22. Is my pay based on 2088 or 2080 hours worked per year?

The number 2088 is used throughout the UC system to represent the number of work hours in a typical year. 2088 and 2080 are both estimates of work hours in a year using different methodologies, depending on if the calculation starts with the hourly or the monthly rate.

Based on the monthly rate, UC estimated the total annual work hours as $174(\text{hours per month}) \times 12(\text{total numbers of months}) = 2088$. Many organizations use the estimate of $52 \text{ weeks} \times 40 \text{ hours} = 2080$ to estimate the number of work hours in a year. These are both estimates since they do not align with a calendar year.

It is important to note that biweekly periods do not divide evenly into one year – there are about 52.14 weeks in a year. Because of this, 26 biweekly paychecks are not the same as one year's salary, and occasionally there will be 27 pay dates in one year. This means that the pay in one calendar year may represent 2080 hours worked, or occasionally 2160 hours worked. UC uses 2088 to represent the estimated number of work hours in a typical year. Employees will be paid for every hour worked.