

UNDERSTANDING YOUR PAYCHECK

Electronic Time Collection

Beginning in late September, *weekly paid* overtime-eligible workers (or their proxies) will begin entering their time worked and paid time off taken online in the new PeopleSoft system. This group includes temporary employees and services and trades workers, who will receive their first paychecks from the new system on Friday, October 4.

In early October, *semimonthly paid* overtime-eligible workers – Harvard's 4,700 clerical and technical staff members – will begin entering their time online. Along with administrative and professional staff, this group will receive its first paycheck from the new system on Friday, October 11.

All of these overtime-eligible staff members will have the time they report reviewed and approved online in PeopleSoft by a supervisor. Both time reporters and approvers should attend training. Those who have not yet registered should contact their local human resource office to access the training they need. More information, step-by-step instructions, and online learning resources are available at www.atwork.harvard.edu/ess.

Note: In Harvard's largest service departments – University Operations Services and Dining Services – weekly paid workers will continue to use their own local time collection systems rather than PeopleSoft.

New Policy for Temporary Employees

Beginning in October, temporary employees will be paid using the new payroll system. This will result in several important changes: temporary employees must be hired and placed on the payroll in the same way that regular employees are; their work time must be entered and approved in the new online timekeeping system in order for them to be paid; and the University's long-standing three-month limit on temporary employment will be enforced by the system. More information is available at www.atwork.harvard.edu/hrproj-docs.html.

Benefits Timing Changes

Beginning in late September, medical and dental insurance coverage will end on the day that employees terminate their Harvard service, not at the end of that month, as is the current practice. Harvard will pay all benefits insurance premiums during an employee's last pay period. Employees should notify their human resource office well in advance of termination in order to plan for medical coverage after they leave the University. More information is available at www.atwork.harvard.edu/hrproj-docs.html.

The sample paycheck at right shows semimonthly pay for an employee who is eligible for overtime pay but is not a member of a union. This sample employee did not receive overtime pay during this pay period and does not make contributions to a Tax-Deferred Account.

This key describes the contents of the new paycheck. Information that is consistent with the current paycheck is printed in black; **new elements and changes are highlighted in blue**. For more details, visit the Working@Harvard website at www.atwork.harvard.edu/hradmin.

- 1 Pay information:** Pay period, check date and number, and **employee's pay group**. For a full list and explanation of new pay groups, go to www.atwork.harvard.edu.
- 2 Employee information:** Name, address, Social Security number, Harvard ID number, and **department**.
- 3 Tax data:** Marital status for tax purposes, allowances (exemptions), and additional tax withholding information.
- 4 Hours and earnings:** Earnings for this pay period and the year to date, including regular pay, overtime, and additional compensation (e.g., bonuses). **People holding more than one Harvard job will see pay listed here for each job only if the jobs have different rates of pay. Some imputed income – financial benefits that are not received as cash but are considered income for tax purposes (e.g., reduced-rate loan benefits) – will also be displayed here. Other sources of imputed income are shown in Box 8.**
- 5 Taxes:** Federal and state taxes withheld in this pay period and for the year. **Fed OASD/EE** is employee's portion of Social Security payments (listed as FICA on current paycheck). **Fed MED/EE** is payment for the Medicare portion of Social Security (listed as FICA-HI on current paycheck).

Note on Boxes 6 and 7: The current paycheck lists all deductions without distinguishing between pre-tax and post-tax. **Information about year-to-date deductions is new.**

- 6 Before-tax deductions:** Amounts taken out of pay before taxes, such as payments for medical and dental plans, flexible spending accounts, and parking. **Tax-Deferred Account contributions on the new check are shown as one deduction; they are no longer listed separately by investment company.**
- 7 After-tax deductions:** Amounts taken out of pay after taxes, such as union dues and United Way deductions. **Contributions to Credit Union accounts and loan payments to the Credit Union are no longer treated as deductions (see box 10). Contributory life insurance payments, which were partially pre-tax in some cases in the past, are now taken after taxes and are shown here.**
- 8 Employer-paid benefits:** Contributions that Harvard makes on an employee's behalf for certain benefits (such as medical and dental coverage). **This is provided for your information and does not affect pay. It is not a total account of your employer-provided benefits and does not include retirement plan contributions made by the University. Items marked with an asterisk (*) are taxable as imputed income (see Box 4).**
- 9 Totals:** Current and year-to-date information on earnings (Box 4), taxes (Box 5), and deductions (Boxes 6 and 7).
- 10 Net pay distribution:** Net pay and accounts to which pay has been directly deposited, as appropriate, including **contributions to a Credit Union account.**

SAMPLE PAYCHECK

Harvard President and Fellows

Cambridge, MA 02138

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Pay Group:	PON-Pres + Fell OT Elig Non-Un	Business Unit:	HRVRD
Pay Begin Date:	07/01/2002	Advice #:	0207909
Pay End Date:	07/15/2002	Advice Date:	07/12/2002

2 SSN:	Employee ID:	3 TAX DATA:	Federal	MA State
	Department:		Marital Status: Single	Single
		Allowances:	0	1
		Addl. Pct.:		
		Addl. Amt.:	15.00	

4 HOURS AND EARNINGS				5 TAXES			
Description	Current		YTD		Description	Current	YTD
	Earnings		Earnings				
Regular	2,062.53		4,125.06		Fed Withholding	376.73	753.46
					Fed MED/EE	28.94	57.87
					Fed OASDI/EE	123.74	247.46
					MA Withholding	87.96	175.92
Total:	2,062.53		4,125.06		Total:	617.37	1,234.71

6 BEFORE-TAX DEDUCTIONS			7 AFTER-TAX DEDUCTIONS			8 EMPLOYER PAID BENEFITS		
Description	Current	YTD	Description	Current	YTD	Description	Current	YTD
Tufts HMO	75.50	151.00	Contributory Life Insurance	29.70	59.40	Tufts HMO	290.71	581.42
Delta Dental	14.00	28.00	United Way	1.00	2.00	Delta Dental	27.39	54.78
Long Term Disability	4.75	9.50				Contributory Life Insurance*	27.39	54.78
Total:	94.25	188.50	Total:	30.70	61.40	* Taxable		

9	TOTAL GROSS	FED TAXABLE GROSS	FICA GROSS	TOTAL TAXES	TOTAL DEDUCTIONS	NET PAY
Current:	2,062.53	1,995.67	1,995.67	617.37	124.95	1,320.21
YTD:	4,125.06	3,991.34	3,991.34	1,234.71	249.90	2,640.45

10 NET PAY DISTRIBUTION	
Advice #0207909	1,320.21
Total:	1,320.21

MESSAGE: Test Print

Harvard President and Fellows

Cambridge, MA 02138

Date
07/12/2002

Advice No.
207909

Deposit Amount: \$1,320.21

To The
Account(s) Of

Harvard University

DIRECT DEPOSIT DISTRIBUTION		
Account Type	Account Number	Deposit Amount
Savings	05090300	500.00
Checking	94021049	820.21
Total:		1,320.21

NON-NEGOTIABLE

In addition to the format changes described in this publication, there may be some differences in paycheck amounts. This is due both to the way the new system calculates and to changes in some benefits and policies. These changes are outlined below.

Issue	Who is affected	Explanation	Financial Impact
Long-term disability rates based on salary tiers	All employees with long-term disability coverage will see a change in the monthly charge. For those earning less than \$58,000, the premium will decrease; those earning more than \$58,000 will see an increase.	Current rates change at \$5,000 salary increments. The new rate structure is based on three salary tiers: \$15,000–\$55,000; \$55,000–\$80,000; and more than \$80,000. There is no charge if salary is less than \$15,000.	Increases in LTD monthly premiums for those earning \$58,000 to \$80,000 per year will range from \$.50 to \$1.00. For those earning more than \$80,000, the increase will be \$6.40.
Credit Union deductions change to direct deposits	All employees who make deposits to a Harvard University Employees Credit Union account	Regular deposits to credit union accounts will be processed as direct deposits rather than as deductions (as under the current system).	No financial impact. However, amounts deposited in credit union accounts will now appear as part of net pay.
Medical plan premium change due to salary change	Employees who have had a base salary increase or decrease since Dec. 31, 2001, that has changed their medical contribution bracket (less than \$55,000; \$55,000–\$80,000; and more than \$80,000)	The current system determines medical plan contributions for the year based on salary as of Dec. 31. The new system will change the contribution level in the pay period following a salary change that moves an employee into a different salary bracket.	Beginning Oct. 1, affected employees will see a difference in their medical premium.
Contributory portion of premium for \$50,000 of life insurance will no longer be a pre-tax deduction	Employees earning less than \$100,000 who purchase additional (contributory) life insurance.	The current system treats the premium for up to \$50,000 of group life insurance (basic and contributory) as a pre-tax deduction. The new system will not.	An annual tax increase ranging from \$5.15 to \$15.60
State/federal tax calculations for imputed income	Employees who pay taxes on imputed income due to carrying domestic partner benefits, mortgage or educational loans, or group term life insurance	Imputed income for these benefits and taxes owed will change in two ways: (1) Taxes will be processed in each pay period, rather than monthly. (2) Federal and state taxes will be withheld on imputed income, in addition to FICA. Only FICA is withheld in the current system.	The actual amount of <i>taxes owed</i> for imputed income will not change, but the frequency and amount of <i>withholding</i> will change.
New blended overtime pay rates	Overtime-eligible employees with concurrent jobs, and their managers	The Fair Labor Standards Act requires that overtime-eligible employees who have a second Harvard job at a different rate of pay be paid for overtime at a rate that blends both rates. The blended rate will also be used if the employee has additional pay (shift, bonus) and overtime pay during the same pay period. The new system automatically calculates the blended rate and, when necessary, determines to which job the overtime will be charged (this will usually be the secondary job).	Impact varies. See www.atwork.harvard.edu/hr/proj-docs.html for more information.