

## PAYROLL DEFERRAL -Answers to Frequently Asked Questions-

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The following is a detailed listing of answers to frequently asked payroll deferral questions. Should you have questions remaining after reviewing this document, please contact your HR Administrator.

**Q. Why is my pay being delayed?**

**A.** The budget enacted by the General Assembly mandated the delay in pay. Simply put, the last pay to be issued during the fiscal year is to be deferred until the next fiscal year. This means that the pay to be issued on June 30 must be deferred until July 1, the first banking day of the new fiscal year.

**Q. Is this deferral of my pay legal?**

**A.** Yes, the deferral is legal. The Budget Bill language sets aside all other language which controls pay dates and regular pay schedules.

**Q. Will this happen again in subsequent years?**

**A.** Beginning in 2012, based on the 2010-2012 Budget Bill enacted by the General Assembly, a payroll deferral was mandated for the final payroll of the fiscal year. This means that the final payroll for the 2011-2012 fiscal year (June 29, 2012) was postponed until the first business day of the following fiscal year (Monday, July 2, 2012). Since that event, a payroll deferral has continued to be mandated in each subsequent Budget Bill. In the event that a future Budget Bill is enacted that ends this practice, employees will be properly notified. However, without such notice, it should be expected that each year the June 30 pay will be deferred to July 1 or after.

**Q. Am I being paid less because of the delay?**

**A.** No, employees will not lose money. It only impacts the timing of the last payroll in the fiscal year. Employees will receive the same annual salary. Employees will simply receive three pay checks dated for July (July 1<sup>st</sup>, July 15<sup>th</sup>, and July 30<sup>th</sup>).

**Q. Does my bank already know, or should I contact them myself?**

**A.** Banks and credit unions are notified. The larger banks which are used most by state employees, such as CCU, KECU and Chase, are heavily involved in the process. All other financial institutions will be advised of the delay in pay through the Kentucky Bankers' Association and the Kentucky Credit Union League. You should feel free to contact your bank with any specific questions about your account, but all institutions are made aware of the July 1 pay date.

**Q. What if I have bills that are automatically deducted out of my account?**

**A.** It is important to review your scheduled bill payments, especially if you pay bills out of an account which relies on your pay deposit. Your pay will not be available until July 1. If you have bills that are scheduled for the 30<sup>th</sup> of June, you may wish to consider pushing this date back. Of course, it is important to work with each creditor and your institution to establish an appropriate payment schedule. You also should make sure that you request the payment date change far enough in advance in case there is a certain time period before the change is effective. Some businesses require 30 days advance notice for this type of change. Institutions will be aware of your delayed payroll, but please keep in mind these are separate payments to third parties (insurance companies, credit card companies, loan institutions, etc.) The Commonwealth will not cover any fees for payments processed prior to July 1 due to insufficient funds being available. In addition, the Commonwealth will not provide reimbursement for any interest lost or not earned during this time frame.

**Q. What if I have a garnishment that is scheduled for the end of the month?**

**A.** All court-ordered garnishments, such as child support or wage garnishments, will be taken out of your pay as usual. Your garnishments should not be impacted by this delay in pay, and you do not need to take any additional action.

**Q. Will my health insurance benefits be impacted? What if I have Flexible Spending Accounts?**

**A.** Your health insurance benefits and flexible spending benefits will continue without interruption. There should be no impact on dependent care funds due to the delayed payment schedule. If you have any questions about this, please contact the Department of Employee Insurance Member Services line at 1-888-581-8834 or 502-564-6534.

**Q. Will my retirement account be impacted by this delay in pay?**

**A.** No. If you have specific questions, you may contact the Kentucky Retirement Systems at 502-696-8800.

**Q. Will the accounts I hold with the Deferred Compensation Authority be impacted?**

**A.** The delay in pay will impact your Deferred Compensation accounts. Your deferral will be handled in the same manner as before, however your June 30 deferral will now be scheduled for a July 1 investment date. As this revised date is after the close of the second quarter, this investment will be reflected on your third quarter statement. If you have any questions about this, please contact Kentucky Deferred Comp at 1-800-542-2667 or 502-573-7925.

**Q. I participate in payroll deduction with an optional insurance company – will this be impacted?**

**A.** No. All third party vendors who participate in the Commonwealth's payroll deduction program were advised of the delay and have planned accordingly. You do not need to take any additional steps with these accounts. The amounts will be deducted out of your July 1 pay.

**Q. Do I need to do anything different with my timesheet for June 1 through June 15?**

**A.** No.

**Q. Why will my salary statement be different from the information on my pay?**

**A.** The salary statement available through KHRIS Employee Self-Service (ESS) will reflect the originally scheduled pay date of June 30; however, the salary statement will include a note indicating that this payment was actually distributed on July 1. If you receive a printed paycheck, it will be dated July 1. The salary statement date cannot be changed due to programming considerations.

**Q. The delay of my pay will create a financial hardship for me. Can I get an advance on my pay?**

**A.** The Commonwealth does not provide advances for employee pay. You may wish to check with your bank or credit union to see if you may qualify for a short-term loan to assist you during this time. In addition, KECU and CCU are both well known for assisting state employees in times of financial hardship. KECU can be reached at (800) 219-5328 or <http://www.kecu.org> and CCU can be reached at (800) 228-6420 or <http://www.ccuky.org>.

**Q. How do I sign up for direct deposit?**

**A.** An employee can sign up for direct deposit through the KHRIS Employee Self Service (ESS) website at <https://khris.ky.gov> or through the assistance of their HR Administrator. Please visit the [Personnel Cabinet website](#) for more information.