



UNIVERSITY OF NORTH CAROLINA  
AT PEMBROKE

## **SUMMER PAY POLICY**

This policy addresses taxing options available to employees when they accept temporary increases in responsibility and pay during normal work hours or contract periods. The primary purpose of the policy is for the benefit of faculty EPA employees when they contract for additional teaching duties during summer school. To minimize an otherwise considerable increase in Federal and State taxes resulting from the temporary increase in pay the following options may be considered:

- The employee may adjust his/her employee withholding allowance certificate, Form W-4. To reduce tax withholding the employee may increase withholding allowances. This can be completed prior to the 10th day of the month in which the additional pay is to be paid. The W-4 form should be submitted to the Payroll office and will continue to be in effect until changed. After such pay period or pay periods is processed, the employee would resubmit the original Form W-4 allowances.
- The employee may consider one of the University offered voluntary tax-sheltered annuities such as TIAA-CREF, Fidelity Investments, N.C. Deferred Compensation Plan or the State 401K Plan. The employee's eligible contributions are sheltered from Federal and State income taxes which will be deferred until an annuity is received or contributions are withdrawn. If employee is already contributing he/she may consider increasing the contribution during the period of temporary pay increase.

Sincerely,

*Frances Hunt*

Payroll Manager

UNC - Pembroke

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Without error there can be no brilliancy - Emanuel Lasker