***Department of Accounts***

***Payroll Bulletin***

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| **Calendar Year 2017** | **December 22, 2016** | **Volume 2017-01** |

**2017 Calendar Year Payroll Operations and Leave Processing**

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| *In This Issue of the Payroll Bulletin…....* | * Payroll Accounting * Payroll Deductions * Payroll and Leave Contact Personnel * Payroll Operations Calendars * Payroll Certification Schedule | The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy McGill at (804) 371-7800 or Email at [cathy.mcgill@doa.virginia.gov](mailto:cathy.mcgill@doa.virginia.gov)  State Payroll Operations  **Director Lora L. George**  Acting Director Cathy C. McGill |

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| Introduction | This Payroll Bulletin addresses key **2017** calendar year payroll and leave processing issues. This bulletin should be distributed to and carefully reviewed by appropriate payroll, human resource and fiscal personnel within your agency. |

#### **Payroll Accounting**

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| IRS Pubs & Forms | The IRS web site address is <http://www.irs.gov/>  If you do not have internet access, IRS publications and forms can be ordered by calling 1-800-TAX-FORM (1-800-829-3676). |

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| W-4 Form | Employees who claim exempt from withholding on their W-4 during the prior year must complete a new W-4 form by February 15th to maintain their exempt status. If such employees do not provide a newly completed W-4 form by February 15th, immediately begin to withhold Federal income tax as if they are single, with zero withholding allowances. Agencies can request CIPPS report #823, **Employees With FIT Status Not Equal to 4, 5, or 6,** to identify employees with current exempt W-4s (FIT status "A").  IRS regulations stipulate which employees are eligible to file a W-4 Form with exempt status. Refer to Section 9 of Publication 15 (Circular E) for more information.  Remember that employers are no longer required to submit copies of W-4s to the IRS for employees who claim more than 10 exemptions. In cases where problems are identified, the employer will receive a written notice (called a lock-in letter) from the IRS with specific instructions for withholding on the affected employee. |

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Payroll Accounting, continued

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| Social Security Tax Withholding | The maximum wage base for 2017 withholding will increase to **$127,200** for OASDI (Old Age, Survivors, and Disability Insurance). The wage base for HI (Hospital Insurance) remains unlimited (i.e., all wages are HI taxable). Wages paid in excess of $200,000 in 2017 will be subject to an extra 0.9% HI tax that will only be withheld from employees’ wages. Employers will not pay the extra tax.  The OASDI tax rate will remain 6.2% each for employees and employers. For HI, the rate is 1.45% each for employees and employers, with the additional 0.9% for employees only on wages in excess of $200,000.  When the maximum has been reached for an individual Employee Id Number within an agency, OASDI taxes will cease to be calculated and withheld. No agency action is required since CIPPS recognizes the OASDI maximum.  DOA monitors totals for employees with records at more than one CIPPS agency and will change the FICA status to “6” once the OASDI max has been reached. **Don’t forget to change the FICA status from “6” back to a “4” for the new calendar year.** Report #825, FICA Status not Equal to 4 and Employee Status Equal 1 or 2, may be requested on HSRUT for review. |

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| North Carolina Residents | The Virginia Department of Taxation *Income Tax Withholding Guide for Employers* states that payments to nonresidents not covered under reciprocity for services performed in Virginia are subject to Virginia withholding.  North Carolina’s *Income Tax Withholding Tables and Instructions for Employers* states “An employee who is a resident of this State is subject to North Carolina withholding on all of his wages, whether he works within or outside the State; except that, to prevent double withholding and to anticipate any allowable tax credit, North Carolina withholding is not required from wages paid to a resident for services performed in another state if that state requires the employer to withhold. Withholding does not relieve the employee of the obligation to file a North Carolina individual income tax return and pay any balance due after tax credit.”  Therefore, North Carolina residents working in Virginia must pay employment taxes to Virginia and must complete a Virginia income tax return. Only those North Carolina resident employees who are physically working in North Carolina can be excluded from Virginia reporting and withholding. |

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| Name Changes | Employees requesting name changes in CIPPS should be reminded to notify the Social Security Administration (SSA) of the change immediately. Name changes for existing employees are part of the PMIS/CIPPS interface and changes to employee names should not be entered in PMIS until the employee provides a new SS card showing the changed name or documentation proving SSA notification. If the employee’s name is changed in CIPPS but not with the SSA, the name will not match SSA records when DOA remits the W-2 tape, possibly resulting in agency penalties. Refer to section 4 of Publication 15 (Circular E) for more information. You can verify up to 10 names/SSNs online and find out immediately if there is a mismatch. Go to [www.ssa.gov/bso/bsowelcome.htm](http://www.ssa.gov/bso/bsowelcome.htm) and register for a PIN and password. Your activation code will be sent to your supervisor. Input the activation code to turn on SSNVS. Log into Business Services Online with your PIN and password and enter the SSNs for verification.  <http://www.socialsecurity.gov/employer/critical.htm> |

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#### **Payroll Accounting, continued**

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| Reminder: Maximum Annual Leave Carryover | In 2013 DHRM announced a change in the interpretation of how the annual leave accrual for the last pay period of the leave calendar year should be applied in regard to the maximum carryover limits. Previously, policy interpretation held that the final leave accrual of the leave year would be awarded on January 9th and then the carryover maximum would be applied. The sequence was changed so that the maximum carryover is applied to the leave balance on January 9th and then the leave accrual for the final pay period (12/25 through 1/9) is credited and available for use on the first day of the new leave year. This means that employees’ Jan. 10th balances may exceed the maximum carryover limit. |

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| Helpful Reminders | Some items that should be considered when beginning a new calendar year:   * Ensure all garnishments that have been satisfied due to a goal being reached are deactivated (frequency changed to 00). * Review the pending file reports and delete transactions no longer required. * When entering a certification or edit request in 2017 with a pay period begin date with a 2016 value, you will receive a warning message stating "YEAR NOT SAME AS CURRENT YEAR." This is an informational message. You must hit the enter button again for the data on PYCTF/PYEDT to be accepted in the system. |

#### **Payroll Deductions**

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| Flex Reimburse-ment Accounts | Flex accounts set up through the interface with BES use an end date instead of a goal as the means of turning off the deduction. DOA will **NOT** process any mass transactions at calendar year-end to change any fields related to the flex accounts on H0ZDC. If you manually set up accounts using a goal, you must review the deduction to ensure that the correct amount will be withheld for the remainder of the plan year (January through June deductions). |

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| CVC Deduction #62 | DOA will process a mass transaction at year-end to turn-off Deduction #062 (changes frequency from ‘09’ to ‘00’) and to change the Deduction #062 AMT/PCT and GOAL fields on H0ZDC **to all zeros**.  DOA will process an update provided by DHRM to establish CVC deductions for calendar year 2017 the first week of January. Reports will be provided by DHRM and some manual entry may be required as well.  REMINDER – Do not attempt to enter CVC deductions until CIPPS files are restored following year-end processing, scheduled for December 29, 2016, through January 2, 2017. |

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Payroll Deductions, continued

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| Optional Life Update | Reports U024 - Optional Group Life Premium Listing and U025 - Optional Group Life Errors were produced on December 19. CIPPS will be updated the first week of January with the new Optional Group Life rates. Look for notification on the CIPPS Broadcast Screen. For questions regarding OGL, contact Joe Chang in the Richmond Branch Office of Minnesota Life at 1-800-441-2258 x101 or via email at [joseph.chang@minnesotamutual.com](mailto:joseph.chang@minnesotamutual.com) or FAX 804-644-2460. |

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| Qualified Benefit Plans | Employees of the Commonwealth who are employed by a college or university may use both the 457 Deferred Compensation/Roth Plan and a 403(b) Tax Deferred/Roth Account. The maximum limits on 457 and 403(b) plan elective deferrals remain unchanged for calendar year 2017:  Goals for the 457 Deferred Compensation Plan are no longer established per individual deduction in employee records since those who participate in the Hybrid plan may also have an additional voluntary deduction that is considered part of the 457 Plan (deduction 016). The Employee Voluntary Hybrid Contribution will be linked with the existing 457 Deferred Comp contribution (deduction 038) and 457 Roth contribution (deduction 052) to ensure that the combined total does not exceed the annual maximum.\* |

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| **Deferral Category** | **457 Deferred Compensation Plan** | **403(b) Tax-Deferred Account** |
| Normal Annual Limit | $18,000 (1)(5) | $18,000 (1)(5) |
| Age 50 Catch-Up | $6,000 (2) | $6,000 (2)(5) |
| 457 Standard Catch-Up | $18,000 (3)(5) | N/A |
| 403(b) 15-Year Catch-Up | N/A | $3,000 (4)(5) |

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| 1. Eligible participants may contribute the normal annual limit to both plans. 2. Eligible participants may contribute the Age 50 Catch-Up to both plans. 3. The 457 Standard Catch-Up may not be used in the same year that the 457 Age 50 Catch-Up is used. The 457 Standard Catch-Up can only be used in the three years preceding “normal retirement age” as designated on the Normal Retirement Age Election Form. The Standard Catch-Up plus the Normal Annual Limit results in a total possible deferral to the 457 Plan of **$36,000 for 2017**. 4. The 403(b) 15-Year Catch-Up, the 403(b) age 50 Catch-Up and the 403(b) Normal Annual Limit can all be used in the same year for a total deferral of **$27,000 in 2017**. (Note: there is a lifetime limit of $15,000 on the 15-yr catch up.) 5. The 457 Standard Catch-Up and the 403(b) 15-Year Catch-Up may both be used in the same year. A participant in both plans could potentially defer **$63,000 in 2017** if eligible for the full 403(b) 15-Year Catch-Up, 403(b) age 50 Catch-Up and the full 457 Standard Catch-Up. |
| ***Note: Questions concerning eligibility for Catch-Up contributions should be directed to the applicable Plan provider.***  \* The “Goal” field will only contain an amount that equates to any limit above the standard limit for under age 50 in the lowest numbered active applicable deduction (See Bulletin #2016-14). Therefore only those 50 or over or in catch-up will have an amount in the Goal field. |

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**Payroll Deductions, continued**

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| Misc. Deduction TPA Processing Schedule | The calendar year 2017 cut-off date schedule governing new enrollment and change processing for the miscellaneous insurance and annuity third party administrator (FBMC) can be found on the website at <http://www.doa.virginia.gov/Payroll/TPA/TPA_Calendar_2017.pdf> |

#### **Payroll and Leave Contact Personnel**

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| Communication Guidance | Address all processing questions to the individuals listed. Contact the appropriate DOA personnel to ensure accurate and consistent responses. Use E-mail and FAX to avoid “telephone tag” and provide all necessary relevant information. This will significantly reduce the amount of time it takes DOA personnel to address questions or concerns. **Review your CIPPS broadcast screen throughout the day for important messages.** |

***Payroll Operations – CIPPS Assistance***

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| **Name** | **Functional Area** | **E-mail** | **Phone**  ***(804 Area Code)*** |
| Denise Waddy | Agency Payroll and Leave Procedural Support | [denise.waddy@doa.virginia.gov](mailto:jeff.breen@doa.virginia.gov) | 786-1083 |
| Shannon Gulasky | Agency Payroll and Leave Procedural Support | Shannon.gulasky@doa.virginia.gov | 225-3065 |

***Payroll Operations – PR/Benefits Accounting***

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| **Name** | **Functional Area** | **E-mail** | **Phone**  ***(804 Area Code)*** |
| Cathy Gravatt | 941s; Employee Masterfile Maintenance; CIPPS/CARS Interface; CIPPS Adjustments; Supplemental Insurances; ORPs (other than political appointee) | [cathy.gravatt@doa.virginia.gov](mailto:cathy.gravatt@doa.virginia.gov) | 225-2386 |
| Denise Halderman | 941-X; W-2Cs; Payroll Accounting; Benefits Accounting; CIPPS Security; Flexible Reimbursement Accounts; | [denise.halderman@doa.virginia.gov](mailto:denise.halderman@doa.virginia.gov) | 371-8912 |
| Cathy Royal | CIPPS/PMIS Audit; CVC; VPEP; VEST; Annuities and Annuity Cash Match | [catherine.royal@doa.virginia.gov](mailto:catherine.royal@doa.virginia.gov) | 225-2390 |
| Felecia Smith | Healthcare Reconciliations; Deferred Compensation; Deferred Compensation Cash Match; Political Appointee ORP; OGL; CIPPS Security | [Felecia.smith@doa.virginia.gov](mailto:Felecia.smith@doa.virginia.gov) | 225-2246 |

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**Payroll and Leave Contact Personnel, continued**

*Payroll Operations - Production*

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| **Name** | **Functional Area** | **E-mail** | **Phone**  ***(804 Area Code)*** |
| Dymesha Henderson | Void Checks; Direct Deposit Stop Payments, Checkwrites; Direct Deposit; Deposit Certificates; CIPPS Production Jobs & Report Distribution/Recovery; AD-HOC Reports/U1’s; Stop Payments-Void Earnings Notices; Gross Pay Differences | [dymesha.henderson@doa.virginia.gov](mailto:dymesha.henderson@doa.virginia.gov) | 371-4883 |
| Keeya Majors | Void Checks; Direct Deposit Stop Payments, Checkwrites; Direct Deposit; Deposit Certificates; CIPPS Production Jobs & Report Distribution/Recovery; AD-HOC Reports/U1’s; Stop Payments-Void Earnings Notices; Gross Pay Differences | [Keeya.majors@doa.virginia.gov](mailto:Keeya.majors@doa.virginia.gov) | 371-8385 |

***Payroll Operations - Management***

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| --- | --- | --- | --- |
| **Name** | **Functional Area** | **E-mail** | **Phone**  ***(804 Area Code)*** |
| Cathy McGill | General Information, Production and Benefit Accounting Support | [cathy.mcgill@doa.virginia.gov](mailto:lgeorge@doa.virginia.gov) | 371-7800 |

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| Payroll Operations General | 1. FAX (804) 225-3499 2. [payroll@doa.virginia.gov](mailto:payroll@doa.virginia.gov) |

**January 2017**

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| **Sunday** | **Monday** | **Tuesday** | **Wednesday** | **Thursday** | **Friday** | **Saturday** |
| 1  9AM - CIPPS files open - no edits or payruns | 2  **State Holiday: New Year’s Day Observed** | 3 | 4  New Hire Center Report  VNAV/CIPPS Update | 5  Deferred Comp Transaction Upload  TPA Upload | 6 | 7  9AM - CIPPS files open - no edits or payruns |
| 8  9AM - CIPPS files open - no edits or payruns | 9  Semi-monthly salaried certification  Period #1  (12/25-01/09) | 10 | 11  **CYE Cert Due** | 12  Leave keying  deadline  (12/25-01/09) | 13  **State Holiday: Lee-Jackson Day**  Payday for  semi-monthly salaried employees | 14  9AM – CIPPS files open – no edits or payruns |
| 15  9AM – CIPPS files open – no edits or payruns | 16  **State Holiday: M L King, Jr. Day** | 17 | 18  New Hire Center Report | 19  TPA Upload | 20 | 21  9AM - CIPPS files open - no edits or payruns |
| 22  9AM - CIPPS files open - no edits or payruns | 23 | 24 | 25 | 26  Semi-monthly salaried certification deadline  Period #2  (01/10-01/24) | 27 | 28  9AM - CIPPS files open - no edits or payruns |
| 29  9AM - CIPPS files open - no edits or payruns | 30 | 31  Leave keying  Deadline  (01/10-01/24)  December Healthcare Cert Due  Last day to distribute W2s to EE |  |  |  |  |

**February 2017**

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| **Sunday** | **Monday** | **Tuesday** | **Wednesday** | **Thursday** | **Friday** | **Saturday** |
|  |  |  | 1  Payday for  semi-monthly salaried employees  New Hire Center Report | 2  VNAV/CIPPS Update | 3  Deferred Comp Transaction Upload  TPA Upload | 4  9AM - CIPPS files open - no edits or payruns |
| 5  9AM - CIPPS files open - no edits or payruns | 6 | 7 | 8 | 9 | 10  Semi-monthly salaried certification  Period #1  (01/25-02/09) | 11  9AM - CIPPS files open - no edits or payruns |
| 12  9AM - CIPPS files open - no edits or payruns | 13 | 14 | 15  New Hire Center Report  Leave keying  deadline  (01/25-02/09)  2017 Exempt W4s due from EEs | 16  Payday for  semi-monthly salaried employees  TPA Upload | 17 | 18  9AM - CIPPS files open - no edits or payruns |
| 19  9AM - CIPPS files open - no edits or payruns | 20  **State Holiday:**  **George Washington’s Birthday**  9AM - CIPPS files open - no edits or payruns | 21 | 22 | 23  Semi-monthly salaried certification  Period #2  (02/10-02/24) | 24 | 25  9AM - CIPPS files open - no edits or payruns |
| 26  9AM - CIPPS files open - no edits or payruns | 27 | 28  Leave keying  deadline  (02/10-02/24)  January Healthcare Cert Due |  |  |  |  |

**March 2017**

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| **Sunday** | **Monday** | **Tuesday** | **Wednesday** | **Thursday** | **Friday** | **Saturday** |
|  |  |  | 1  Payday for  semi-monthly salaried employees  New Hire Center Report | 2  VNAV/CIPPS Interface | 3  Deferred Comp Transaction Upload  TPA Upload | 4  9AM - CIPPS files open - no edits or payruns |
| 5  9AM - CIPPS files open - no edits or payruns | 6 | 7 | 8 | 9 | 10  Semi-monthly salaried certification  Period #1  (02/25-03/09) | 11  9AM - CIPPS files open - no edits or payruns |
| 12  9AM - CIPPS files open - no edits or payruns | 13 | 14 | 15  Leave keying  deadline  (02/25-03/09)  New Hire Center Report | 16  Payday for  semi-monthly salaried employees | 17 | 18  9AM - CIPPS files open - no edits or payruns |
| 19  9AM - CIPPS files open - no edits or payruns | 20  TPA Upload | 21 | 22 | 23 | 24 | 25  9AM - CIPPS files open - no edits or payruns |
| 26  9AM - CIPPS files open - no edits or payruns | 27  Semi-monthly salaried certification  Period #2  (03/10-03/24) | 28 | 29  New Hire Center Report | 30  Leave keying  deadline  (03/10-03/24) | 31  Payday for  semi-monthly salaried employees  February  Healthcare Cert Due |  |

**April 2017**

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| --- | --- | --- | --- | --- | --- | --- |
| **Sunday** | **Monday** | **Tuesday** | **Wednesday** | **Thursday** | **Friday** | **Saturday** |
|  |  |  |  |  |  | 1  9AM - CIPPS files open - no edits or payruns |
| 2  9AM - CIPPS files open - no edits or payruns | 3 | 4  VNAV/CIPPS Interface | 5  Deferred Comp Transaction Upload  TPA Upload | 6 | 7 | 8  9AM - CIPPS files open - no edits or payruns |
| 9  9AM - CIPPS files open - no edits or payruns | 10  Semi-monthly salaried certification  Period #1  (03/25-04/09) | 11  **1st QTR Cert Due** | 12  New Hire Center Report | 13  Leave keying  deadline  (03/25-04/09) | 14  Payday for  semi-monthly salaried employees | 15  9AM - CIPPS files open - no edits or payruns |
| 16  9AM - CIPPS files open - no edits or payruns | 17 | 18  TPA Upload | 19 | 20 | 21 | 22  9AM - CIPPS files open - no edits or payruns |
| 23  9AM - CIPPS files open - no edits or payruns | 24 | 25  Semi-monthly salaried certification  Period #2  (04/10-04/24) | 26  New Hire Center Report | 27 | 28  Leave keying  deadline  (04/10-04/24)  March  Healthcare Cert Due | 29  9AM - CIPPS files open - no edits or payruns |
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**May 2017**

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| **Sunday** | **Monday** | **Tuesday** | **Wednesday** | **Thursday** | **Friday** | **Saturday** |
|  | 1  Payday for  semi-monthly salaried employees | 2  VNAV/CIPPS Interface | 3  Deferred Comp Transaction Upload  TPA Upload | 4 | 5 | 6  9AM - CIPPS files open - no edits or payruns |
| 7  9AM - CIPPS files open - no edits or payruns | 8 | 9 | 10  New Hire Center Report  Semi-monthly salaried certification  Period #1  (04/25-05/09) | 11 | 12 | 13  9AM - CIPPS files open - no edits or payruns |
| 14  9AM - CIPPS files open - no edits or payruns | 15  Leave keying  deadline  (04/25-05/09) | 16  Payday for  semi-monthly salaried employees | 17 | 18  TPA Upload | 19 | 20  9AM - CIPPS files open - no edits or payruns |
| 21  9AM - CIPPS files open - no edits or payruns | 22 | 23 | 24  New Hire Center Report | 25  Semi-monthly salaried certification  Period #2  (05/10-05/24) | 26 | 27  9AM - CIPPS files open - no edits or payruns |
| 28  9AM - CIPPS files open - no edits or payruns | 29  **State Holiday:**  **Memorial Day**  9AM - CIPPS files open - no edits or payruns | 30 | 31  Leave keying  deadline  (05/10-05/24)  April Healthcare Cert Due |  |  |  |

**Certification Schedule**

The Payroll Operations Calendar for the period June through November 2017 will be issued in May. The calendar for December 2017 will be issued in November. For agency planning purposes, the certification dates and paydays for this period are listed below.

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| **Month and Period** | **Certification Date** | **Pay Date** |
| **June**  *1st pay period 5/25 - 6/9*  *2nd pay period 6/10 -6/24* | 6/12  6/27 | 6/16  7/3 |
| **July**  *1st pay period 6/25 - 7/9*  *2nd pay period 7/10 - 7/24* | 7/10  7/26 | 7/14  8/1 |
| **August**  *1st pay period 7/25 - 8/9*  *2nd pay period 8/10 - 8/24* | 8/10  8/28 | 8/16  9/1 |
| **September**  *1st pay period 8/25 -9/9*  *2nd pay period 9/10 -9/24* | 9/11  9/25 | 9/15  9/29 |
| **October**  *1st pay period 9/25 - 10/9*  *2nd pay period 10/10 - 10/24* | 10/10  10/26 | 10/16  11/1 |
| **November**  *1st pay period 10/25 -11/9*  *2nd pay period 11/10 - 11/24* | 11/9  11/27 | 11/16  12/1 |
| **December**  *1st pay period 11/25 - 12/9*  *2nd pay period 12/10 - 12/24* | 12/11  12/21 | 12/15  12/29 |