PAYROLL PROGRAM UPDATE

*BRP’s growth and expanded footprint has been truly remarkable the past few years! As such, we have been able to support valuable program enhancements such as richer benefit offerings, open PTO and higher PTO banks, 6 weeks of parental leave, 12 annual paid holidays…the list goes on. As we continue to determine how to best support our growing population – that includes you – in the processing of efficient, accurate, and timely pay, we will be modifying our payroll program. Effective July 1, 2022, we will be transitioning exempt payroll from semi-monthly to biweekly.*

BI-WEEKLY PAYROLL TRANSITION

Beginning in July, you will be paid every two weeks, resulting in 26 paychecks per year. You currently receive 24 paychecks on the 15th and last day of the month. Effectively, this means that you will be receiving more checks per year with slightly less on each check. Your annual salary will remain the same on the biweekly schedule.

With the switch will come a pay period schedule change. Instead of being paid ‘to-date’ (which is really an advanced and projected pay model), your schedule will be based in arrears. The arrears schedule provides critical time that is needed to process payroll between the pay period ending and you getting paid.

To initiate this organizational enhancement, a transition pay period is necessary. On July 1, your pay will account for 7 days of pay instead of the regular 10 days. This does not mean that hard-earned money is lost. That extra cash will simply transition from this calendar year into the next. December of this year will also include 3 paychecks as opposed to the 2 that occur with a semi-monthly payroll (what a great time for an extra paycheck!).

Most mid to large-sized organizations strategically decide to follow a similar pay program for the same reasons that we believe it will benefit the firm and ultimately, our colleagues. Continue reading for more details such as what to expect, specific timing of the transition, and where to go for more resources.

WHAT TO EXPECT

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| ONE-TIME CASH FLOW TRANSITION | BIWEEKLY PAYROLL CONVENIENCES |
| Moving from Advanced Semi-monthly Pay to Arrears by 1 week brings a one-time cash flow ‘push back’ by one week. | Consistent pay dates moving forward (every other Friday), no longer have moving pay dates due to semi-monthly schedules falling on a weekend.  |
| You’ll have a shorter 7-day paycheck on 07/01/2022 (rather than a typical 10-day paycheck amount).*Those earned dollars are not lost (they still come to you), they just get pushed back by a week, so you’ll feel a cash flow lag for that 07/01/2022 paycheck.* | Receive 26 paychecks per year rather than 24 (slightly fewer hours on each paycheck but receiving pay sooner and more frequently once on this schedule). |
| July also begins the transition to a bi-weekly pay schedule (every other Friday); you’ll have 3 pay dates in December 2022. | Setting up your automated payments for your personal expenses may become more convenient with the set every other Friday pay schedule. |

TRANSITION TIMING

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| --- | --- | --- |
|  | PAY PERIOD | PAYCHECK DATE |
| Last Semi-Monthly Pay Period(‘advanced/projected pay’) | Wednesday, June 1 – Wednesday, June 15  | Wednesday, 06/15/2022 |
| First Bi-Weekly Arrears Pay Period (one-time transition) | Thursday, June 16 – Saturday, June 25 *\*transition pay period, only 7 working days* | Friday, 07/01/2022 |
| Bi-Weekly Arrears Pay Period (regular schedule moving forward) | Sunday, June 26 – Saturday, July 9  | Friday,07/15/2022 |
| Bi-Weekly Arrears Pay Period | Sunday, July 9 – Saturday, July 23  | Friday, 07/29/2022 |

FREQUENTLY ASKED QUESTIONS

1. **Do I need to do anything to prepare?**

You don’t need to take any action to make the change happen, you just need to know it’s coming and determine what, if anything, you personally need to do prepare. Consider the following:

* There are 10 paychecks between the communication of this transition and the July 1 transition paycheck, which should provide sufficient time to make a plan if you feel the need to do so.
* As the transition date gets closer, evaluate your banking direct deposits to consider what dates, if any, you might want to adjust for bills or automated payments (based on the bi-weekly schedule that begins in July).
* Also consider whether you need to change the amount of funds routed to your bank through direct deposit from your paycheck if you have more that one Workday direct deposit established.
* If you would like additional resources, defer to the *Want More Resources?* section of this document.
1. **Will I be paid the same salary?**

You will be paid the same salary with more paychecks annually at a slightly lesser amount per paycheck.

1. **How will this impact my annual 401k deferrals?**

Your 401k deferrals will be converted to a biweekly increment before being deducted.

1. **Will my benefit deductions change?**

Your benefit deductions will also convert to a biweekly increment and deducted per usual. You can reference the 2022 Benefit Guide to find the biweekly increments.

1. **What will be reflected on my 2022 W2?**

Your 2022 W2 will have a small reduction in pay as a result of shifting to an arrears pay schedule. The reduced amount will transfer to the 2023 calendar year.

1. **I earn commissions. How will this impact me?**

Colleagues who earn a draw against commissions will also transition from the semi-monthly payroll to biweekly. Commissions that are paid monthly (on the 15th) will continue to be paid as such.

WANT MORE RESOURCES?

We have them! On deck to support you through this transition is a calculator tool that estimates your transition and biweekly pay based upon your annual salary, as well as HR teams that can walk you through the new pay program. You can access the calculator tool by clicking on the worksheet below. Otherwise, reach out to your local HR team or send a note to HR@baldwinriskpartners.com for more support.

