

PERSONNEL, NEBRASKA STATE COLLEGE SYSTEM

POLICY: 5030

Salary Payment

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BOARD POLICY

Salaries and wages paid to employees shall be determined by applicable employment terms and reported to the Board as follows:

1. **Faculty.** Salary payments to full-time employees shall be made in twelve (12) equal monthly payments. At the end of employment, any salary proration shall be based upon the fractional part of the academic term completed preceding the date of termination and will take into account any salary earned but not yet paid due to prorating academic year salaries over a twelve (12) month period.
2. **Professional Staff.** Salary payments for full-time (1.0 FTE) employees shall be made in twelve (12) equal monthly payments. Salary payments for part-time employees (less than 1.0 FTE) will be determined by the employment contract terms. At the end of employment, any salary proration shall be based upon the number of days worked in the month preceding the date of termination and will take into account any salary earned but not yet paid if prorating salaries over a twelve (12) month period for less than 1.0 FTE employees.
3. **Support Staff.** Salary payments for full-time (1.0 FTE) employees shall be made in twelve (12) equal monthly payments. Salary payments for part-time employees (less than 1.0 FTE) will be determined by the employment terms. At the end of employment, any salary proration shall be based upon the number of days worked in the month preceding the date of termination and will take into account any salary earned but not yet paid if prorating salaries over a twelve (12) month period for less than 1.0 FTE employees.
4. **Student/Temporary Employees.** Wages for student and temporary employees shall be determined by the College based on an hourly rate and shall be paid biweekly.

METHOD OF PAYMENT

At the Chancellor's discretion, all salaries and wages will be paid by electronic fund transfer or a similar means of deposit. No compensation can be paid in advance of services performed in accordance with state law. The Chancellor, Presidents, or designees, as appropriate, shall properly voucher and certify according to the law all salary and wage claims, and shall present them to proper officials for issuance of payments.

UPON DEATH

Earnings

Salary earnings shall terminate on the date of death, however, this provision in no way abrogates the employee's right to receive salary earned but not yet paid because of the method of prorating salaries.

Payments

The rate of payment is based on the employee's regular pay rate at the time of the employee's death.

Unpaid wages, less any amount owed, and vacation pay paid to the estate of a deceased employee are not considered wages subject to federal and state income tax withholding. Therefore, these payments do not represent an increase to federal income tax (FIT) Gross, and no income taxes are to be withheld on them. If paid before the close of the calendar year in which the employee died, they are considered wages subject to social security withholding and Medicare withholding, and therefore represent an increase to social security Gross and are reported in box 3 and box 5 on Form W-2 (but not in box 1). If paid after the close of the calendar year, they are not considered as such and therefore, no social security or Medicare withholding is required and such amounts are not reported on Form W-2.

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If eligible for accumulated sick leave payout, it will be paid to the estate of a deceased employee and is not considered wages for federal or state income tax, social security or Medicare withholdings.

If the employee is enrolled in the TIAA primary retirement plan at the time of death, then the payment made for unpaid wages, vacation, and accumulated unused sick leave pay is also subject to retirement withholding.

Insurance coverage for the deceased employee's spouse and/or dependent children will continue to the end of the month in which the employee died and premiums will be processed accordingly in the final pay. If the employee elected voluntary deductions such as flexible spending or supplemental retirement, those will also be withheld from the final pay.

Payees

Employee Estate. Unpaid wages, vacation pay and accumulated sick leave pay of a deceased employee, are to be paid to the Personal Representative of the employee's estate unless a Small Estate Affidavit is received (*see discussion below*). The final pay warrant is to be issued in the name of the Personal Representative of the estate of the deceased employee when the College is presented with a certified copy of Letters of Personal Representative issued by a County Court indicating the name of the legal Personal Representative of the employee's estate. When a warrant is issued to the Personal Representative of an employee's estate, the 1099-MISC Form is issued to the estate name and utilizes the estate's tax ID number.

Small Estate Affidavit/Successor (usually the spouse). In the cases of small estates, at least thirty (30) days after the death of the employee, the College may release the warrant to the person who is the successor of the employee upon being presented with an affidavit (affidavit can be obtained from the Human Resources Office) stating that:

- a) The value of the entire estate subject to probate, wherever located, less liens and encumbrances, does not exceed fifty thousand dollars (\$50,000);
- b) Thirty (30) days have elapsed since the death of the decedent as shown in a certified or authenticated copy of the decedent's death certificate attached to the affidavit;
- c) No application or petition for the appointment of a personal representative is pending or has been granted in any jurisdiction; and,
- d) The successor is entitled to payment or delivery of the property.

If the successor meets the affidavit qualifications, the last check will be made payable directly to the successor. If the successor is paid directly, the 1099-MISC Form is processed in the name of the successor using the successor's social security number.

GRANT AND CONTRACT COMPENSATION

As authorized by the Chancellor or President and specified by the funding source, funds from an external grant or contract may be used to pay all or a portion of an employee's salary. Funds can either supplement or substitute the funds regularly budgeted for the employee's salary as authorized by the Chancellor or President. The Board will be notified any time an employee's salary amount changes per Board Policy 5021.

Legal Reference: RRS 30-24,125
RRS 30-24,126

Policy Adopted: 6/5/93
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