

Annualized Compensation Election Form

East Rochester School District offers faculty who work less than 12 months per year an option to be paid over 12 months. This is called annualized compensation.

The Income Tax Code (26 CFR 1.409A) imposes severe penalties on employees who are paid over 12 months but work less than 12 months, including a 20% additional income tax. However, this tax can be avoided if the employee elects, in writing, to have all compensation annualized, or spread out over 12 months (this means for those electing the 12 month pay basis, the employee will receive less during the school year, but will receive an additional "big check" on the last pay period in June, which is the equivalent of 5 checks).

Please elect, sign, and return this election form to the payroll department. If you fail to return this election form the District will NOT annualize your compensation (meaning, you will automatically be put on the 10 month pay schedule, where you will receive larger amounts throughout the year, and no "big check" the last pay period in June).

IRS regulations state that once you have made an election, you may not revoke it until the following school year. Furthermore, your election will continue from year to year until stopped by you prior to the beginning of a new school year.

Please indicate your election below:

- I elect to annualize my compensation, and have my pay spread out over 12 months. I realize I will receive less during the school year, but will receive an additional "big check" on the last pay period in June (equivalent to 5 checks).
- I do not elect to annualize my compensation. I realize I will receive larger checks during the school year, but will not receive the "big check" on the last pay period in June.

Print Name

Signature

Date