Understanding When Changes to Your 403(b) Contribution Take Effect

IMPORTANT: A delay in seeing your updated contribution on your paycheck does not mean your request was not processed. Changes are applied at the start of the next eligible pay period to ensure compliance with IRS requirements.

To comply with IRS requirements, changes to your 403(b) contribution election are applied prospectively. This means a new election can apply only to compensation earned after the election becomes effective.

Because the University's payroll system cannot apply two different contribution percentages within a single pay period, a change submitted after a pay period has begun is generally applied at the start of the next pay period.

As a result, there may be a delay between the date you submit your election and the date the change appears on your paycheck. The examples below show how this works for each payroll type.

Employees Paid Hourly

Hourly employees are paid on a delayed pay schedule. For example, hours worked from July 16 through July 31 are paid on August 15.

Example

New election submitted	July 22
Next eligible pay period begins	August 1
First paycheck showing change	August 31

Because the July 16-31 pay period had already begun when the election was submitted, the change cannot be applied to those earnings. The new election applies to earnings beginning August 1 and first appears on the August 31 paycheck, which includes earnings from August 1 through August 15.

Employees Paid Semi-Monthly (Salaried)

Semi-monthly salaried employees are paid on an anticipated pay schedule. For example, earnings for July 16 through July 31 are paid on July 31.

Example

New election submitted	July 22

Next eligible pay period begins	August 1
First paycheck showing change	August 15

Because the July 16-31 pay period had already begun when the election was submitted, the change cannot be applied to that pay period. The new election applies to earnings beginning August 1 and first appears on the August 15 paycheck.

Employees Paid Monthly (Salaried)

Monthly salaried employees are paid on an anticipated pay schedule and receive one paycheck each month. For example, July earnings are paid on July 31.

Example

New election submitted	July 12
Next eligible pay period begins	August 1
First paycheck showing change	August 31

Because the July monthly pay period had already begun when the election was submitted, the change cannot be applied to July earnings. The new election applies to earnings beginning August 1 and first appears on the August 31 paycheck.

Planning Ahead

Submit your election before the pay period begins. If you are considering changing your 403(b) contribution percentage, submit your election before the start of the pay period in which you would like the change to take effect. This will help ensure your updated contribution is reflected as soon as possible.