

Understanding the Impact on Net Pay

One of the most important concepts to understand when switching to a biweekly pay schedule is that biweekly wages are tied to weeks, not calendar days. The rate of pay, therefore, is no longer expressed as a monthly or annual rate but rather as an hourly rate. See below on how to calculate your hourly rate.

With a monthly pay cycle, pay is dispersed once per month on a fixed date. There are exactly 12 payments in a calendar year and the monthly salary multiplied by 12 equals the annual salary.

With a biweekly cycle, pay is dispersed every two weeks (every other Wednesday), and the calendar dates that pay days fall on will vary. A biweekly pay cycle consists of 14 calendar days, beginning on Sunday and ending on the second Saturday of the pay period. You will now be paid for the actual hours worked and for eligible employees, for accrued leave taken.

Biweekly pay periods do not divide evenly into one year. There are about 51.14 weeks in a year. Because of this, 26 biweekly paychecks are not the same as one year's salary. Additionally, there are occasionally 27 pay dates in a year.

Employee can calculate their hourly rate using the following calculation:

Take your annual salary and divide it by 2,080 (the number of working hours in a year).
For example, if your annual salary rate is \$39,000.00 per year: $\$39,000.00 \div 2080 = \18.75 per hour.

Also, employees might use the net pay calculator tool at www.paycheckcity.com to calculate your estimated net pay under the biweekly schedule. This site has current California tax rates. You'll need information from your current check stub to complete the calculator. Your check stub can be found on the At Your Services website at: <https://atyourserviceonline.ucop.edu/ayso/>

Below is a simulated test of the comparison between the MO cycle and the BW cycles. This chart illustrates an employee's net pay on a monthly basis as compared to the net pay in two paychecks received, one for each biweekly pay period.

Simulated Gross to Net Pay				
For Illustration Purposes				
Subject to Change for Each Employee				
	Jan-17 Monthly	Biweekly #1	Biweekly #2	When Applicable Biweekly #3
Annual Pay	\$ 65,903.00			
Hourly Rate	n/a	\$ 31.68	\$ 31.68	\$ 31.68
Hours Worked	n/a	80	80	80
Gross Pay	\$ 5,491.88	\$ 2,534.73	\$ 2,534.73	\$ 2,534.73
Kaiser North	\$ 53.83	\$ 26.92	\$ 26.91	\$ -
Medicare Taxes	\$ 78.86	\$ 36.37 *	\$ 36.37 *	\$ 36.76 *
OASDI Taxes	\$ 337.16	\$ 155.48 *	\$ 155.48 *	\$ 157.15 *
Federal Income Tax	\$ 795.82	\$ 366.82 *	\$ 366.82 *	\$ 373.34 *
State Income Tax	\$ 219.15	\$ 100.96 *	\$ 100.96 *	\$ 103.64 *
UCRP	\$ 494.27	\$ 228.13	\$ 228.13	\$ 228.13
TD 403B %	\$ 148.31	\$ 68.39	\$ 68.39	\$ 69.20
AFSCME Dues	\$ 64.62	\$ 32.31	\$ 32.31	\$ -
Total Deductions	\$ 2,192.02	\$ 1,015.38	\$ 1,015.37	\$ 968.22
Net Pay	\$ 3,299.86	\$ 1,519.35	\$ 1,519.36	\$ 1,566.51

Note: *This is an estimate only and assumes 80 hours of paid time in each pay period.
Subject to employee's withholding.

Estimates only for illustrations purpose. Actual amounts may vary.

2/10/2017
By: D. Tran