Deferred Net Pay Reference Guide

Overview

Deferred Net Pay (DNP) is a payroll option designed for eligible employees who work fewer than 12 months per year. It allows participants to receive a steady income throughout the year by deferring a portion of their earnings during working months and distributing it during non-working months.

Program Benefits

- Consistent Year-Round Income: Ensures financial stability during off-contract periods.
- Improved Budgeting: Helps employees manage expenses by avoiding income gaps.
- Flexible Participation: Employees may cancel enrollment with proper notice.

Program Details

- Eligibility: Available to employees working 10 or 11 months annually.
- Enrollment Deadline: July 1st of each year.
- Cancellation Policy: Submit cancellation by the 10th of the month for it to take effect the following month.
- Deferral Mechanism: A percentage of each paycheck is withheld during working months and paid out during non-working months.

Examples

10-Month Employee (Paid Over 12 Months)

- Deferral Rate: 16.67% (1/6th)
- Work Period: August – May
- Deferral Period: August – May
- Payout Period: July and August

11-Month Employee (Paid Over 12 Months)

- Deferral Rate: 8.34% (1/12th)
- Work Period: August – June
- Deferral Period: August – June
- Payout Period: July

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Deferral Rate Comparison

Employee Type	Work Months	Deferral Rate
10-Month Employee	August – May	16.67%
11-Month Employee	August – June	8.34%

Important Dates

Action	Deadline
Enrolling in DNP	July 1st
Cancel DNP	By the 10th of the month (effective the following month)

For more information, please contact: payroll@barstow.edu

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