

Conversion to a Biweekly Pay Cycle for Salaried Employees – Frequently Asked Questions (FAQ)

In preparation for the transition to our new HR Information System, exempt employees currently paid on a semi-monthly basis will transition to a biweekly, one-week lag pay cycle effective **March 1, 2022**. This will change result in 26 pay periods for year instead of 24. Recognized as a best practice in businesses across the country, the biweekly pay cycle will enable the Miller Industries to decrease payroll & reporting errors, provide more accurate and timely reporting of employee benefits, and ensure a more efficient payroll process. Here's what you need to know about the transition:

- 1. Why are we making this change?** All exempt employees are paid current, meaning a paycheck issued on November 15, 2021 covers the period of November 1, 2021, to November 15, 2021. Payroll processing must occur several days prior to the date your check is deposited in the bank. As a result, if a personnel action is needed (e.g., hire, transfer, termination, pay change), or if an employee takes paid time off (PTO) after payroll has already been processed, a manual adjustment will have to be made after the pay period is over. This results in employees receiving retroactive pay adjustments, lack of flexibility with position changes, and PTO balances not being up to date.

Under the bi-weekly, one-week lag pay schedule, salaried employees will be paid for time they've **already** worked, rather than being paid for time **yet** to be worked.

- 2. What are the advantages of a biweekly pay cycle?**
 - Employees will be paid every other week rather than twice a month
 - PTO balances will be current.
 - More flexibility with transfers between exempt and non-exempt positions.
 - More efficient and effective time reporting.
 - Fewer manual adjustments.
- 3. When will the change from a semi-monthly pay schedule to a biweekly pay schedule take effect?**
 - You will receive your last semi-monthly paycheck on February 28th, 2022. This check will include earnings for the pay cycle of February 16, 2022-February 28, 2022.
 - Your first biweekly paycheck will be partial earnings for the pay period of March 1, 2022 through March 6, 2022. You will receive this paycheck on March 11, 2022.
 - Your second biweekly paycheck will be full earnings for the pay period of March 7, 2022 through March 20, 2022. You will receive this paycheck on March 25, 2022.
- 4. I'm currently paid on the 15th and last day of the month. What will my payday change to?**

Employees on a biweekly pay cycle will receive a paycheck every other Friday. Please refer to the 2022 Biweekly Paycheck Calendar for a complete list of pay dates for 2022.
- 5. I know that there are 24 semi-monthly pay periods in a calendar year. How many biweekly pay periods are in a calendar year?** A biweekly pay cycle consists of 14 days, beginning on Monday and ending on the second Sunday of the pay period. You are paid every two weeks, giving you a total 26 biweekly pay periods in a calendar year.
- 6. Am I losing a paycheck?** No, this transition will not result in a reduction of salary. It is simply a 1-week one-week lag pay cycle of the time reported.

- 7. Will my biweekly check be one-half of my monthly check?** No. You will get two biweekly checks per month except for two months per year when you will get three checks. Your take home pay for a biweekly period will be a little less than it was on a semimonthly schedule; however, you will receive the same annual salary subject to you working all your scheduled hours.
- 8. Will the change in pay frequency affect my vacation accrual?** No, you will still accrue your vacation time at your seniority date.
- 9. How is my biweekly rate determined, and how many hours of work will I be paid for?** Employees on a biweekly cycle get paid for 80 hours versus the 86.6 hours under the semi-monthly cycle. To find your gross wages for a two week pay period, divide your annual salary by 26 (number of pay periods in a year). For example, your annual salary is \$60,000 per year: $\$60,000 \div 26 = \$2,307.69$ per paycheck
- 10. What should I do to prepare for the conversion to biweekly pay?** Please note that your paycheck of February 28, 2022 will contain your last semi-monthly period of earnings. Your next paycheck on March 11, 2022 will be a partial check containing 53.32 hours of earnings (March 1, 2022 through March 6, 2022). We encourage you to review your personal budget situation and determine your income needs. In preparation for the conversion, here are additional suggestions of what you should you do to prepare:
- Determine your bi-weekly net pay. Click [here](#) for a paycheck calculator.
 - Review your current tax withholdings elections to make any necessary changes. Pay particular attention to additional tax withholding amounts.
 - Review any automatic bank drafts or loan payment schedules set up with your bank. Request that creditors adjust your automatic withdrawal or bill pay dates to align with your new pay schedule. Review payment schedules for mortgage payments, utility bills, car payments, etc. to ensure that the change in pay dates does not result in late payments.
 - Consider the Transition Assistance Program.
 - As always, please be sure to review your paycheck for accuracy.
- 11. What is the Transition Assistance Program?** Miller Industries is offering a vacation cash out option to assist employees through the biweekly pay cycle conversion:
- Employees can choose to cash out up to 5 days (40 hours) of accrued vacation pay.
 - Employees must complete a vacation payout request by **February 16th, 2022**. Employees must have the number of hours requested available at that time to be paid. Click [here](#) to complete this form.
 - Vacation hours will be paid out on your February 28th, 2022 check.
- 12. Will I need to make any changes to my direct deposit?** You do not have to make a change, but you may want to review any secondary accounts you are depositing a fixed amount in to ensure you will have the amount you want deposited. If you are depositing a fixed flat-dollar amount into secondary accounts, the amount taken out of your semi-monthly check will be the same amount taken out of your biweekly check. For example, if you have a semi-monthly deposit of \$100 per pay period into a secondary account, you will still have a deposit of \$100 per pay period as a biweekly paid employee. Changes to your withholdings can be made by selecting "Pay" > "Direct Deposit" > "Edit" from the Kronos employee page.
- 13. Will this impact when I see the deposit into my bank account?** Yes. Pay will be deposited according to the new pay schedule. Please see 2022 Paycheck Calendar for new pay dates.

- 14. What if I pay some of my bills through the automatic bill pay?** If you have automatic bill pay set up for any regular expenses (e.g., mortgage payments, student loan payments, car payments), we encourage you to work directly with your financial institution(s) to change payment dates as needed.
- 15. Will my benefit deductions change?** Yes. Please see the Bi-Weekly Benefits Payroll Deduction chart below for new benefit deduction amounts.
- 16. I have a garnishment. How will the transition to biweekly pay affect the amount deducted for my garnishment?** If the garnishment deduction is calculated as a percentage of your earnings, a deduction will occur each pay period, up to the maximum deduction allowed, and based upon federal and state regulations. For example, a garnishment deduction of 25% will continue to be taken at the rate of 25% each pay day. If the garnishment deduction is a fixed flat-dollar amount, the amount is recalculated to a biweekly amount. That calculation is multiplied out by a year and then divided by the total number of paychecks within the year. For example, if you have a semi-monthly \$250.00 garnishment, it will look as follows: $\$250 \times 24 \text{ semi-monthly payments} = \$6,000 \text{ yearly payments}$. $\$6,000 / 26 \text{ pay checks} = \230.77 biweekly .
- 17. I contribute to my 401(k) plan. What will happen to my contributions?** If your contributions are set up as a percentage deduction, the percentage amount will be taken each pay day. If your contributions are set up as a fixed flat-dollar amount, the amount taken out of your semi-monthly check will be the same amount taken out of your biweekly check. For example, if you have a semi-monthly deduction of \$100 per pay period, you will still have a deduction of \$100 per pay period as a biweekly paid employee. To make changes to your 401k contributions, please visit the Principal portal at <https://login.principal.com/login>.
- 18. How does the change in pay frequency affect my federal taxes?** We will continue to tax you according to the Federal W-4 form you currently have on file. Your biweekly earnings will be taxed based upon the biweekly tax schedule set by the Internal Revenue Service. You can review the tax schedules on the following link: www.irs.gov. If you are uncertain about the impact of this change on your tax situation, please consult your personal tax advisor.
- 19. Will I need to make any changes to my additional withholding amount on my taxes?** If you have an additional tax amount deducted from your paycheck, that monthly amount will be calculated out to a yearly amount and then divided by 26 for a biweekly amount. If you do not want the current additional amount to be split in this manner, please complete a new W-4 Form through the Kronos portal by February 28, 2022. Changes to your withholdings can be made by selecting "Pay" > "Tax Withholdings" > "Edit" from the employee page. Biweekly tax withholdings will continue to be based upon IRS guidelines. The IRS Publication 15 (Circular E) Employer's Tax Guide can be accessed at www.irs.gov.
- 20. Will there be ongoing communication?** Yes. Ongoing communication will be shared with affected employees and their managers regarding the transition. Reminders will be sent out via AtHoc as we get closer to key dates in the transition. You can also visit the [Hook](#) for up-to-date information.
- 21. If I have additional questions, who do I speak with?** Pay, tax deductions, or accrual questions should be directed to the following email distribution: biweeklytransition@millerind.com.

Bi-Weekly Paycheck Calendar

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Bi-Weekly Benefit Payroll Deductions

Benefit Plan	Employee Only	Employee + Spouse	Employee + Child(ren)	Family
Medical				
Opt. 1 – P Network	\$83.86	\$176.00	\$153.38	\$233.54
Opt. 2 – S Network	\$44.00	\$92.40	\$83.60	\$123.20
Dental				
Delta Dental	\$8.78	\$17.84	\$18.88	\$28.26
Accident				
Allstate Accident	\$8.55	\$12.43	\$17.30	\$21.63

Allstate Cancer/Intensive Care			
WEEKLY	Low Option	Median Option	High Option
Employee Only	\$7.21	\$11.24	\$14.55
Employee + Spouse	\$11.49	\$17.57	\$22.92
Employee + Child(ren)	\$9.90	\$15.74	\$20.63
Employee + Family	\$14.18	\$22.05	\$28.99

Allstate Critical Illness - \$10,000 Basic Benefit (Low Plan)				
Ages	Non-tobacco EE & EE+CH	Non-tobacco EE+SP & FAM	Tobacco EE & EE+CH	Tobacco EE+SP & FAM
18 to 35	\$1.78	\$2.57	\$2.56	\$3.74
36 to 50	\$4.35	\$6.42	\$6.85	\$10.16
51 to 60	\$9.05	\$13.47	\$14.57	\$21.74
61 to 63	\$14.94	\$22.29	\$22.45	\$33.56
64+	\$23.67	\$35.40	\$35.84	\$53.67

Allstate Critical Illness - \$20,000 Basic Benefit (High Plan)				
Ages	Non-tobacco EE & EE+CH	Non-tobacco EE+SP & FAM	Tobacco EE & EE+CH	Tobacco EE+SP & FAM
18 to 35	\$2.84	\$4.16	\$4.39	\$6.49
36 to 50	\$7.98	\$11.87	\$12.97	\$19.36
51 to 60	\$17.38	\$25.97	\$28.41	\$42.52
61 to 63	\$29.14	\$43.62	\$44.18	\$66.16
64+	\$46.62	\$69.83	\$70.98	\$106.36