Effective January 1, 2021

Updates to the PPP in January 2021 may affect your personal budgeting and bill paying. Review the summary below and find a recorded Town Hall Presentation at https://ou.edu/compassproject. These changes affect the date you receive PPP earnings, your income tax withholdings, and your retirement contributions. You may submit questions to your OU Business Administrator or to compassquestions@ou.edu.

1. What is the update? The University will now combine your regular earnings with your PPP earnings on one of your biweekly paychecks each month. These combined earnings will be used to calculate the university’s contribution to your 401(a) Defined Contribution Plan (DCP). By combining the earnings, the university will comply with federal retirement contribution limits. In 2021, the federal rule states that 401(a) contributions can be made on earnings up to $290,000.

2. What does this affect?
   a. Date of Payday: Starting in January 2021, your PPP earnings will be paid on the biweekly paycheck that is near the middle of each month. The calendar date of this payday varies from month-to-month. In May and October, there are two paydays between the checks that include PPP earnings.
   b. Income Tax Withholdings: Receiving your PPP earnings on every other paycheck may cause the amount of your paycheck to vary widely from one paycheck to the next. This could impact your income tax withholdings rate from paycheck to paycheck. A higher paycheck may place you in a higher tax bracket causing a greater percentage to be withheld for income tax purposes from that paycheck only. This will happen with each higher paycheck. If you want your income tax withholdings on paychecks with PPP to be different from the withholdings on paychecks without PPP, you must change your W4 before every paycheck. Use Employee Self-Service to make this change: https://www.ouhsc.edu/selfserve.
   c. DCP Retirement Contributions: The University’s contribution to your DCP plan for your PPP earnings will be simplified. The DCP contribution amount for your PPP earnings will now be the same percentage as it is for your base pay up to the federal contribution limit. This replaces the complex calculation that had been used in the past and employees will receive retirement contributions starting with their first PPP dollar earned.
   d. Voluntary Retirement Contributions: Some employees currently contribute most or all of their base pay to the 403(b) and 457(b) voluntary retirement plans. With both base pay and PPP on one paycheck, the entire paycheck will be contributed at the rate currently used on your base pay, biweekly paycheck. If you are an employee with a high contribution rate on their biweekly paycheck, you must take action to change this contribution rate on the Fidelity website by December 23. Make changes by logging in to Fidelity and selecting the plan you want to update: http://www.netbenefits.com/sooners.
   e. Fringe Benefit Costs for PPP: The fringe benefit calculation for PPP earnings for 2021 is under review. For January and February, this calculation will be a percentage rate. This rate is still being determined and it will be shared with departments by December 23. The fringe rate for PPP earnings will be less than the standard fringe rate of 30.6% that is applied to base pay.