

Voluntary Summer Savings Tips for 10-Month Employees

What is Voluntary Summer Savings?

10-month employees are paid their entire salary over the ten months worked from September to June resulting in no income during the summer months of July and August. Some 10-month employees desire to deposit a portion of each net pay in a savings account with a financial institution of their choosing to be accessed during the summer months when no pay is received. The steps below are designed to provide guidance to enable 10-month employees to set aside enough money from each of the 22 net pays received to support four equivalent withdrawals/transfers. During the summer months, four equal withdrawals/transfers can be made from the funds saved generally equal to your biweekly net pay during the school year. **Participation is voluntary.**

How does it work?

The recommended amount to set aside for summer savings is 15.38% of net pay after taxes and deductions calculated as follows:

Sample Net Take Home Pay (Gross Earnings less taxes and other deductions = \$1,200.00)

SUMMER SAVINGS DEPOSIT ($\$1,200 \times .1538 = \184.56)

Net pay after summer savings deposit ($\$1,200 - \$184.56 = \$1,015.44$)

If you set aside \$184.56 for all 22 pay periods ($\$184.56 \times 22 \text{ pays} = \$4,060.32$) and then divide this number by the four summer pay periods when you are not receiving a paycheck ($\$4,060.32 / 4 = \$1,015.08$), you will have saved a total amount generally equal to four of your net pays during the school year.

NOTE: The summer payments will be equal to your biweekly net pay during the school year only if you participate in the program for all pay periods and your earnings and deductions do not change during the year.

How do I sign up?

Employees may choose any financial institution and direct funds during the school year into their designated account. Employees are encouraged to explore available options at the financial institution of their choosing. **Should you decide to use HARCO CREDIT UNION as your financial institution, there are certain conveniences that may or may not be available at other financial institutions.** Harford County Public Schools has teamed with HARCO to provide the following benefits / conveniences for you:

1. HARCO will initiate four transfers from savings to checking during the summer months of July and August.
2. The interest rate will be equal to HARCO's three-month CD (share certificate) rate and will continue to be earned and posted at the calendar quarter-end using the published CD rate on the last day of the quarter up to \$10,000. Balances in excess of \$10,000 will earn HARCO's Regular Savings Interest rate.

On Employee Self Service (or a standard HCPS direct deposit form), indicate the institution and savings account and that 15.38% of each pay should be deposited in that account. **If you do not sign up with HARCO or another financial institution of your choice, your entire salary will be paid to you from September through June with no summer pay.**