Policy 4.52
Range Maximum Lump Sum Payments

Responsible Official:  VP for Human Resources
Administering Division/Department: Compensation
Effective Date:  March 30, 2007
Last Revision:  July 11, 2014

Policy Details

Employees whose salaries are equal to or greater than the range maximum of their salary range at the time of their annual performance review date may be eligible to receive an “over the range maximum” payment in lieu of an increase to their base salary if their performance rating is “meets expectations” or better. Employees may receive the full value of a merit increase in one lump sum payment. The payment is processed on or around the employee’s annual review date.

Employees whose salaries are less than the maximum of their salary range on their annual performance review date may receive the full value of a merit increase in their base salary.

“Over the range maximum” payments are not compounded from year to year. These payments are one-time payments and are not considered part of an employee’s base salary. However, employee and employer retirement contributions are calculated on both the employee’s salary and range maximum payment. Retirement contribution is the only employee benefit impacted by “over the range maximum” payments.

Examples of Situations That May Affect Employees:

Example #1: Current Year

Employee’s Pay Rate: 13.75/hour
Maximum of Range: 14.00/hour
Merit Increase %: 4.0%
New Base Pay Rate: 14.30/hour

Employee’s 4.0% merit increase is processed in base salary for a new pay rate of $14.30/hour because the current pay rate of $13.75/hour is below the range maximum of $14.00/hour. No range maximum payment is processed.

Next Year - Scenario #1:

If the salary structure is adjusted next year by 2.0% to $14.28/hour and the employee receives a 4.0% merit increase, the full value of the merit increase will be processed in one range maximum payment because the employee’s current pay rate of $14.30/hour is above the new range maximum of $14.28/hour. The range maximum payment amount would be $1,189.76 (14.30 X 1.04 = 14.872 – 14.30 = .572/hour X 2080 = 1,189.76), presuming a full time, 12 month employee (1.00 FTE).

Next Year - Scenario #2:

If the salary structure is adjusted next year by 2.5% to $14.35/hour and the employee receives a 4.0% merit increase, the full value of the merit increase will be processed in base salary for a new pay rate of $14.87/hour because the current pay rate of $14.30/hour is less than the new range maximum of $14.35/hour. No range maximum payment is processed.
Example #2: Current Year

Employee’s Pay Rate: 13.75/hour
Maximum of Range: 13.75/hour
Merit Increase %: 4.0%
New Base Pay Rate: 13.75/hour

Since the employee’s current pay rate of $13.75/hour is equal to the range maximum of $13.75/hour, the full value of the merit increase is processed in one range maximum payment. The range maximum payment amount is $1,144.00 (13.75 X 1.04 = 14.30 - 13.75 = .55/hour X 2080 = $1,144.00), presuming a full time, 12 month employee (1.00 FTE).

Next Year - Scenario #1:

If the salary structure is adjusted next year by 2.0% to $14.03/hour and the employee receives a 4.0% merit increase, the full value of the merit increase would be processed in base salary for a new pay rate of $14.30/hour because the current pay rate of $13.75/hour is less than the new range maximum of $14.03/hour. No range maximum payment is processed.

Next Year - Scenario #2:

If the salary structure is not adjusted and remains $13.75/hour, the full value of the merit increase is processed in one range maximum payment. The range maximum payment amount is $1,144.00 (13.75 X 1.04 = 14.30 - 13.75 = .55/hour X 2080 = $1,144.00), presuming a full time, 12 month employee (1.00 FTE). The previous year’s range maximum payment is irrelevant and not considered when determining this year’s payment.

Related Links

- Current Version of This Policy: http://policies.emory.edu/4.52

Contact Information

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Revision History

- Version Published on: Oct 26, 2011
- Version Published on: Oct 26, 2011
- Version Published on: Jun 19, 2007 (Original Publication)

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