

Book	Policy Manual
Section	Vol 38 No 2 January 2020 REVISIONS
Title	Copy of PAYROLL DEDUCTIONS
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6520 - PAYROLL DEDUCTIONS

To the extent permitted by law and consistent with the specific provisions of any applicable negotiated agreement, the Board of Education authorizes deductions to be made from an employee's paycheck upon proper authorization on the appropriate form for the following purposes:

- A. Federal and State income tax
- B. Social Security or retirement contribution
- C. municipal income tax
- D. school district income tax
- E. School Employees Retirement System
- F. State Teachers Retirement System
- G. Section 125 deductions (cafeteria plans)
- H. savings in a chartered credit union
- I. contributions to charitable and not-for-profit corporations and community fund organizations
- J. payment of dues to labor or other organizations
- K. 457 Deferred Compensation Plans
- L. Medicare tax
- M. child support payment
- N. Cancer/Intensive Care/Disability Life/Insurance Programs
- O. Tax Sheltered Annuity Programs

~~To the extent permitted by law and in accordance with the procedures set forth below, the Board declares its willingness to purchase or procure tax sheltered annuities for its employees who request that such annuities be purchased through payroll deduction.~~

In regards to payroll deductions for tax sheltered annuity programs procured directly by the Board under Section 403(b) of the Internal Revenue Code, Specifically, employees may request in writing that the Board ~~purchase or procure a tax sheltered annuity for them in exchange for the employee taking a reduction in~~ reduce the employee's salary with respect to amounts earned after the effective date of such written notice. In such case, the employee's W-2 wages will be increased by the amount equal to the employee's authorized designated elective deferrals. ~~→~~ Reductions in salary shall commence thirty (30) days after the

Treasurer receives the employee's written notice. ~~The Board shall use a corresponding amount to purchase the annuity for such employee from any licensed agent, broker or company authorized to transact the business as specified in law in accordance with Section 403(b) of the Internal Revenue Code. However, i~~It shall be clearly understood that the Board's only function shall be the deduction and remittance of employee funds.

In regards to employee requests to designate the agent, broker or company through whom the tax sheltered annuity shall be paid in accordance with the provisions of Section 403(b) of the Internal Revenue Code, any such ~~In any case where the employee designates the agent, broker or company through whom the Board shall arrange for the placement or purchase of the tax sheltered annuity, the agent, broker or company must execute a reasonable service agreement, an information sharing agreement, and/or other similar agreements as determined at the discretion of the District. The service agreement shall protect the District from any liability attendant to procuring the annuity (i.e., a "hold harmless") in accordance with provisions of the Internal Revenue Code and any other applicable Federal or State law.~~

~~The~~ agent, broker or company must be designated by a number of employees equal to at least one percent (1%) of the Board's full- time employees or at least five (5) employees, whichever is greater (except under no circumstances shall the agent, broker or company need to be designated by more than fifty (50) employees) before the Board will proceed with making any deduction or remittance of employee funds in accordance with such request.

The Board may waive this requirement for new employees who have already purchased annuities from an agent, broker or company, not utilized by current employees in the District, while the individuals were employed by another public entity.

In addition, before the Board will proceed with making any deduction or remittance of employee funds in accordance with employee requests to designate the agent, broker or company through whom the tax sheltered annuity shall be paid, the agent, broker or company must execute a reasonable service agreement, an information sharing agreement, and/or other similar agreements as determined at the discretion of the District. The service agreement shall protect the District from any liability attendant to procuring the annuity (i.e., a "hold harmless") in accordance with provisions of the Internal Revenue Code and any other applicable Federal or State law.

~~In cases when an employee is absent from duty and there is no sick leave applicable, or when the absence is unauthorized, the salary deduction for each day of absence will be based on the employee's current salary divided by the number of work days required in the official school calendar for each job classification.~~

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Last Modified by Regina Jutz on April 1, 2020