

UNIVERSITY OF ROCHESTER
TUITION BENEFITS PLAN FOR FACULTY AND STAFF

Questions regarding the Tuition Benefits Plan should be directed to the Benefits Office at 585.275.7013

Application for Job-Related Courses Taken at Other Colleges and Universities

(and Approved Non-Credit Courses Taken at the University of Rochester or at Other Colleges or Universities)

Tuition Reimbursement Procedure

Step # 1 Employee:

- Completes Application for Tuition Reimbursement (one application per individual for each term)
 - Completes Employee Section
- Lists all courses for which tuition reimbursement is requested (maximum of 2 courses for full-time employees and 1 course for part-time employees, per semester or quarter)
- Reviews the attached flowchart on **page 4** for determining whether graduate tuition benefits will be taxable; if TAXABLE, employee signs the certification statement at the bottom of page 4. If not taxable, employee completes the Graduate Tuition Waiver/Reimbursement Tax Exemption Form on **page 5**.
- Takes Application for Tuition Reimbursement (and Tax Exemption Form [pages 5 & 6], if not taxable) to supervisor or department head

Step # 2 Supervisor or Department Head:

- Reviews application in terms of employee's ability to complete course(s) without interfering with normal work schedule; completes Department Certification section and signs and dates application
- Completes and signs Supervisor/Dept. Head Certification section of the Tax Exemption Form on page 6, if applicable
- Returns application (and Tax Exemption Form, if applicable) to employee

Step # 3 Employee:

- Keeps Tuition Reimbursement Procedure and Tuition Reimbursement Information pages
- Individuals are advised to keep a copy of the completed application (and Tax Exemption Form, if applicable) for their records
- Sends to Tuition Benefits Office at Brooks Landing, Box 278955

It is recommended that applications be completed and approved prior to the start of the course. (Completed applications must be received by the Benefits Office for authorization no later than 30 days after the start of the course(s).)

Step # 4 Benefits Office:

- Confirms eligibility, authorizes the Application for Tuition Reimbursement and sends verification to the faculty or staff member.

Please allow two weeks for the Benefits Office to process and authorize application.

Step # 5 Employee:

- Upon successful completion of course, sends course documentation (grades, proof of tuition cost and proof of payment) to the Tuition Benefits Office at Brooks Landing, Box 278955. Reimbursement will not be made if course documentation is not received within 90 days of course completion.

Step # 6 Benefits Office:

- Verifies successful completion of course and authorizes tuition reimbursement payment to employee through the regular payroll system. For taxable tuition assistance benefits, authorizes applicable Federal and State income taxes and FICA taxes to be deducted from the employee's paycheck when the reimbursement is paid.

Please allow 1-2 pay periods after providing the required documentation for reimbursement to the Benefits Office for your tuition reimbursement to be processed with the regular payroll and paid to you in your paycheck or directly deposited into your bank account if you have elected direct deposit for your paycheck. (If you have elected more than one bank account for your direct deposit, your reimbursement will be distributed according to your account allocations.)

Tuition Reimbursement Information

- If the supervisor **requires** an hourly paid staff member to take job-related course(s), class time is considered as working time and will be paid as such by the staff member's department. If a course occurs outside the normal work hours, additional pay will be required for hourly paid staff (including overtime premium) if work exceeds 40 hours in a week.
- Tuition benefits are provided for the cost of tuition for credit-bearing courses*. Cost of supplies, textbooks and the like will not be covered. Courses taken on an audit basis will not be covered.
- ***In all instances, tuition benefits are contingent upon successful completion of the course and continuation of eligibility for tuition benefits based on employment status with the University. If these criteria are not met, the employee will be responsible for payment of the course tuition and any related fees, i.e., late fees. The approved reimbursement is only for the course(s) listed. Any change in course(s) listed (add/drop/withdrawal), must be forwarded in writing to the Benefits Office (Brooks Landing, Box 278955).***
- In no instance is an employee eligible for more than 2 courses per semester or quarter. (The limit applies to all courses taken at a given time, whether at the U of R or other colleges or universities.)
- **Grandparenting of Tuition Benefits.** Employees matriculated in a degree program as of 9/1/96 and receiving tuition benefits from the University can elect to maintain the tuition benefit level prior to 9/1/96 of 100% waiver for two courses per semester or quarter. Grandparenting at this level applies only to the degree for which an employee was matriculated as of 9/1/96. When applying for reimbursement, the employee will need to provide written proof of matriculation in a degree program.

* ***Non-credit courses*** are not covered unless they meet the criteria of being directly job-related, having at least 15 contact hours, having outside readings and assignments, and having a formal evaluation based on a final exam. It is recommended that the documentation that the course meets these requirements be provided to the Benefits Office prior to the start of the course.

Tuition Benefits for Graduate Courses May Be Taxable and Require Additional Taxes to be Deducted from Employee's Paycheck

Graduate tuition assistance benefits up to \$5,250 received in a calendar year are not taxable. Graduate tuition assistance benefits that exceed \$5,250 in a calendar year are **taxable wages** unless the course satisfies the requirements for a tax deductible job-related course under IRS rules.* Generally, a job-related course will satisfy these IRS requirements if it *maintains or improves skills for the individual's present job, or if the course meets the employer's express requirements for retaining the job, and the course is not part of a program that will qualify the individual for a new trade or business.* Please refer to the flow chart on **page 4** for assistance in determining whether the graduate tuition benefits you anticipate receiving will be taxable.

If the employee believes that his/her proposed graduate level course satisfies the requirements for a tax deductible job-related course under IRS rules, s/he must complete the *University of Rochester Graduate Tuition Waiver/Reimbursement Tax Exemption Form*, available online on pages 5 and 6. For **taxable tuition assistance benefits, applicable Federal and State income taxes and FICA taxes (*approximately 42.42%* of the taxable tuition amount) will be deducted from the employee's paycheck when the waiver is disbursed. In addition, the taxable income will be reflected on the W-2 for the calendar year when the actual tuition credit is posted to the student's account. Below is an example of a calculation:**

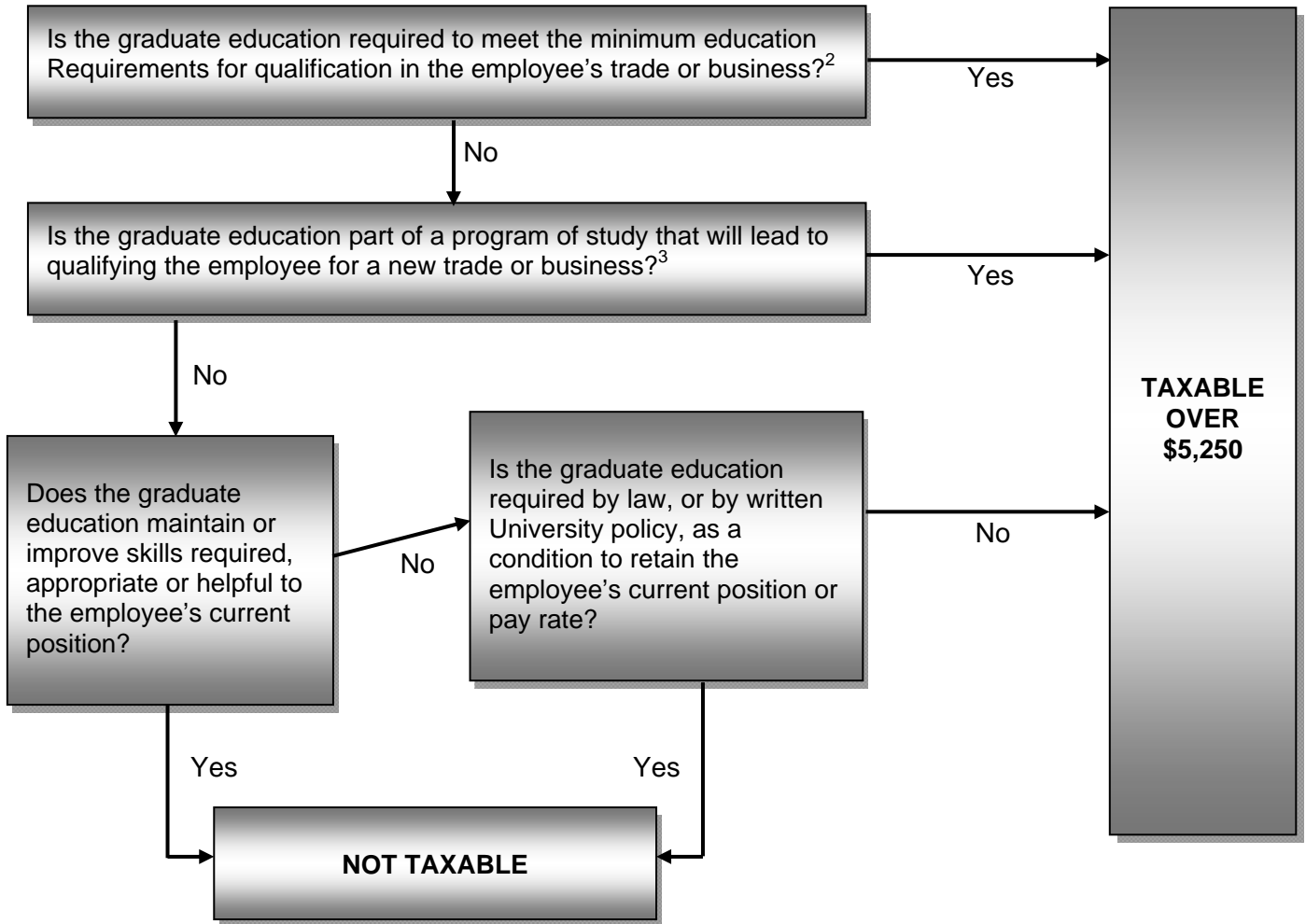
Total yearly tuition amount = \$19,980 - \$5,250 (tax-free amount) = \$14,730 x 42.42% = **\$6,248.50** (estimated amount that will be **deducted from the employee's paychecks** during the calendar year)

* If the employee worked at one of the members of the University's controlled group during this calendar year (Highland Hospital, Highlands at Brighton, Highlands at Pittsford, Highlands Living Center, Visiting Nurse Service (VNS), Visiting Nurse Signature Care and High Tech Rochester), and utilized employee tuition benefits, please advise the University's Benefits Office of the amount of that tuition benefit.

University of Rochester Graduate Tuition Assistance Benefits

Flow Chart for Determining Whether Graduate Tuition Assistance Benefits Exceeding \$5,250 in a Calendar Year Are Taxable¹

(Sign below, if you determine that the graduate courses you are currently enrolled in are TAXABLE)



1. **About This Chart:** Ordinarily, employer-provided graduate tuition assistance benefits that exceed \$5,250 are taxable wages, while benefits up to \$5,250 are not taxable. However, certain job-related education is not taxable over \$5,250. This chart is intended to assist in determining whether an educational benefit sought by an employee meets the exception to taxability. **This does not constitute tax advice to employees, and employees should consult their personal tax advisors.**
2. **Minimum Required Education:** For example, suppose an employee, who holds a bachelor's degree, obtains temporary employment as an instructor at the University and undertakes graduate courses as a candidate for a graduate degree. Also, suppose the employee may become a faculty member only if he/she obtains a graduate degree and may continue as an instructor only so long as he/she shows satisfactory progress towards obtaining his/her graduate degree. The graduate courses taken by the employee constitute education required to meet the minimum educational requirements for qualification in the employee's trade or business and, thus, the expenditures for such courses in excess of \$5,250 are not deductible.
3. **New Trade or Business:** For example, a program of study qualifies an employee for a new trade or business if successful completion of the program would qualify the employee to: (1) meet a new category of professional licensure or certification required to perform a particular job (e.g. nurse practitioner certification) or (2) be employed in a position that has a different educational requirement than his/her current position, either within or outside the University. NOTE: Intention or actual job change is irrelevant; even if the employee does not intend to change positions, or does not take a new position, the tuition benefit if the employee becomes qualified to do so.

I CERTIFY THAT I HAVE REVIEWED THE ABOVE FLOWCHART AND DETERMINED THAT THE GRADUATE COURSES I AM CURRENTLY ENROLLED IN ARE TAXABLE.

Signature of Employee

Date

University of Rochester Graduate Tuition Waiver/Reimbursement Tax Exemption Form

(only complete this form after you have completed and/or submitted
an Employee Tuition Waiver/Reimbursement application)

You should consult with your tax advisor before completing this form.

Employee Information (please print)

Name: _____ University Telephone: _____
Student ID #: _____ Home Telephone: _____
Employee ID #: _____
Job Title _____

Course Information – *Please complete a separate form for each course.*

College/University	Course #	Course Title	Course Start Date	Course End Date
_____	_____	_____	_____	_____

To the Employee: Please answer the following questions to indicate whether the above course is job-related:

1. Is the course required to meet the minimum education requirements of my position?
 Yes No
2. Is the course part of a program of study that will qualify me for a new trade or business?
 Yes No
3. Will the course help me maintain or improve skills in my current position?
 Yes No
4. Is the course required as a condition to retain my current position or pay rate?
 Yes No

For the course to qualify as a tax exempt job-related course, the answers to the first two questions must be "No," and the answer to either the third or fourth question must be "Yes."

By signing below, I certify that I have answered the above questions accurately. I understand that if the course is found not to be job-related, I may have to pay taxes on the value of the course. If the value of the course is taxable, I also understand that I may owe income tax, FICA payments, and/or penalties and interest, and I agree to assume responsibility for paying these amounts.

Signature of Employee

Date

Supervisor/Department Head Certification

To the Supervisor: Please answer the following questions to indicate whether the above course is job-related.

1. Is the course required to meet the minimum education requirements of the employee's position?
 Yes No
2. Is the course part of a program of study that will qualify the employee for a new trade or business?
 Yes No
3. Will the course help the employee maintain or improve skills in his/her current position?
 Yes No
4. Is the course required as a condition for the employee to retain his/her current position or pay rate?
 Yes No

For the course to qualify as a tax exempt job-related course, the answers to the first two questions must be "No," and the answer to either the third or fourth question must be "Yes."

By signing below, I certify that I have answered the above questions accurately.

Signature of Supervisor/Department Head

Date

Please Print Name of Supervisor/Department Head

Extension

Reviewed by the Benefits Office

Date

Questions: Call 585-275-7013.

Please submit this completed form to the Tuition Benefits Office at Brooks Landing, Box 278955.