

FAQ's for the November 10, 2016 Recognition Bonus

ELIGIBILITY

Who is eligible for the bonus?

- *Classified and A/P faculty who were employed on August 25, 2016 and remain employed in their positions until at least November 10, 2016.*
- *Wage employees who worked more than 100 hours total during fiscal year 2016, who were employed on August 25, 2016 and remain employed in their positions until at least November 10, 2016.*
- *Wage employees who worked less than 100 hours total during fiscal year 2016, who were employed on August 25, 2016 and remain employed in their positions until at least November 10, 2016.*
- *Classified employees and A/P faculty must have attained a satisfactory performance evaluation in the most recent cycle (overall Below Contributor and Unsatisfactory performance ratings are not eligible).*

Will employee performance ratings affect eligibility for the bonus?

Classified employees and A/P faculty must have attained a satisfactory performance evaluation in the most recent cycle (Below Contributor and Unsatisfactory performance ratings are not eligible).

What happens to employees on leave August 25, 2016?

Being on paid or unpaid leave, including VSDP Short-Term Disability, on August 25, 2016 does not disqualify classified employees from receiving the November 10, 2016 bonus payment.

PAYMENT

How will the bonus be paid? Will there be a separate deposit for the bonus?

The bonus will be included in the December 1, 2016 pay for classified staff and A/P faculty and the December 9, 2016 pay for wage employees. There will be no separate deposits.

What tax rate will be applied to the December 1 and December 9 paychecks?

The tax withheld from the bonus payment depends on your tax bracket. The Internal Revenue Service (IRS) provides tables used in payroll calculations to determine the amount withheld for federal taxes. Because the bonus amount will be added to the regular semi-monthly pay amount and taxed as one lump sum, it is possible a different tax rate will be used for this payment. Contact the Payroll Office.

How is base-pay for full-time employees or regular hourly rate of pay for wage employees affected by the bonus?

There will be no change based on this one-time bonus payment.

Is the bonus considered creditable compensation for retirement?

No, bonus payments are not considered to be creditable compensation.

Is the bonus payment subject to garnishment withholding?

Bonus payments are subject to garnishment withholding. If you currently have a court ordered garnishment reducing your net pay, you may contact the Payroll Office with specific questions on how your bonus pay will be affected.

PAYMENT ALTERNATIVES

Can employees choose an equivalent value of paid time off?

No.

Can all or part of the bonus be deposited into a 457 Deferred Compensation or 403(b) Pre-tax plan?

Yes. Employees who receive a bonus payment and who participate in a 403(b) or 457 Plan may contribute some or the entire bonus to their Plan in order to defer most of the state and federal income tax.

What is the process for contributing the bonus payment to the 457 Deferred Compensation Plan?

To contribute the bonuses to the 457 Plan, currently enrolled participants must submit to the UMW Payroll Office, by October 31, 2016, a Payroll Authorization One-Time Deferral form.

The form is available on the Plan Web site.

- *Go to www.varetire.org.*
- *See the Defined Contribution Plans tab*
- *Select the Commonwealth of Virginia Deferred Compensation Plan (457).*
- *Choose Forms from the top navigation bar.*
- *Select the form: Payroll Authorization - One-Time Deferral Form.*
- *Employees will enter the amount of the bonus they wish deferred or “all” if they wish the entire amount available deferred.*

The amount of bonus contributed counts toward the calendar year’s 457 plan annual limit of \$18,000 or \$24,000 if age 50 or over. No employer cash match is paid on the bonus.

FICA tax must be paid on the amount that is contributed. Additionally, the amount not deferred due to FICA taxes becomes taxable for state and federal income taxes. To determine the full amount deferrable, go to DOA’s website using the link at

http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm

and click on Maximum Deferral Calculations Spreadsheet. The annual maximum deferral amounts continue to apply.

*State employees who are planning to enroll in the 457 Plan and take advantage of this tax-deferred savings opportunity should enroll online or by calling the toll free Plan Support Line at 1-877-327-5261. Follow the prompts to be transferred to a representative for assistance by October 31, 2016. **WAGE***

***EMPLOYEES ONLY:** Mail or fax the Enrollment and Beneficiary Designation Forms to the address on the forms.*

What is the process of contributing the bonus to a 403(b) Pretax annuity plan?

Employees currently enrolled with an annuity provider must complete the 403(b) Salary Reduction Agreement form to have a one-time increase their contribution for the 12/1/16 pay date. Please indicate on the 403(b) SRA form “ONE TIME ONLY.” The SRA form must be received by Payroll no later than November 4, 2016. Participants are responsible for ensuring any additional contribution does not cause their total 2016 403(b) contributions to exceed IRS limits. No employer cash match is paid on the bonus.

The SRA Salary Reduction Agreement form (403(b) SRA Form) may be found on the UMW Payroll website (see <http://www.umw.edu/documents/document/403bsra/>).