

STAFF FRINGE BENEFITS
PERSONNEL REGULATIONS

I. Holidays for School Employees

A. Generally

The term “holiday” is also interpreted as “school vacation” or seasonal breaks.

B. Ten and Eleven Month Employees

All ten and eleven month employees are to follow the holiday schedule found on the school calendar, which is approved annually by the School Board. Holidays for full and part-time ten and eleven month employees are without pay.

C. Twelve Month Employees

All twelve-month employees have 12 paid holidays per year. The twelve days scheduled for full-time twelve-month employees shall be approved annually by the Superintendent.

II. Sick Leave Bank

A sick leave bank is available for enrolled professional and classified employees. The sick leave bank shall afford properly enrolled members use of days from the bank for an extended absence from work due to catastrophic illnesses. Guidelines are located with the regulations for policy GCBD/GDBD.

III. Pay for Unused Sick Leave at Retirement

Pay for unused sick leave at retirement is allowed for all personnel who have rendered a minimum of 10 consecutive years of satisfactory service to the Madison County School Division immediately preceding retirement. The pay rate shall be \$20.00 per day for up to a maximum of 150 accumulated sick leave days.

Pay for unused sick leave at retirement will be included as part of final payment to the employee and is subject to normal withholding practices.

The term retirement is defined by the VRS guidelines.

IV. Hospitalization

Employees who retire prior to age sixty-five (65) may continue as participants in the system’s hospitalization plan until they reach the age of 65 if they so desire. Employees who are retiring and have rendered a minimum of ten (10) consecutive years of satisfactory service in the Madison County School Division immediately preceding retirement will be eligible for this option.

V. Payroll Deductions

A. Generally

Authorized payroll deductions include deductions for the following:

1. Required

- a. Federal and State Income Taxes
- b. Social Security Taxes
- c. Retirement (VRS)

2. Shared Fringe Benefit

Group Hospitalization - The Madison County School Board shall determine the group hospitalization plan to be offered to employees. Employees are encouraged to participate in the group health insurance program. However, if an employee chooses not to participate, the School Board's share of the individual employee premium may not be used to procure other insurance.

3. Voluntary

- a. Cancer and Accident Insurance - Companies having an initial enrollment of ten employees shall be granted payroll deduction privileges pending approval by the superintendent. An exception would be made in the case of a newly hired employee who already has a membership through his/her previous employer.
- b. Income Protection Plans - Companies having an initial enrollment of ten employees shall be granted payroll deduction privileges pending approval by the superintendent. An exception would be made in the case of a newly hired employee who already has a membership through his/her previous employer.

4. Professional Dues

Employees may have funds deducted for dues for their participation in Madison County Education Association (MCA), Virginia Education Association (V.A.), and National Education Association (NEA). It is the responsibility of the employee to notify the Finance Office of this request.

B. Deductions for Absences

Employees who are absent from their assignments who do not have leave shall have their paycheck decreased at a rate equal to their per diem payment for each day of absence.

C. Overpayments and Unearned Benefits

It shall be the responsibility of each employee to notify the payroll office of any error in deductions.

D. Solicitations of Employees

No company shall be allowed to solicit during school hours, nor shall any company be permitted to conduct group or individual meetings during teacher contracted time.

VI. Payroll Deductions: Garnishments

All employees are expected to satisfy their financial obligations promptly so that creditors will not have to request the school division's assistance in collecting amounts owed to them.

Whenever the school division is served with a Writ of Garnishment or Attachment, a Notice of Levy by the Internal Revenue Service or other taxing authority, or any other similar order requiring payment of a portion of an employee's compensation to someone other than the employee, the matter will be referred to the Finance Officer for appropriate action. Failure to act promptly may render the school division legally liable.

In the event that garnishment or similar proceedings are instituted against an employee, the school division will deduct the required amount from the employee's paycheck. The amount deducted from the employee's disposable earnings will not exceed that permitted by law or the Virginia Department of Labor and Industry.

Compliance with writs of garnishments and similar orders imposes an administrative and financial burden on the school division. In addition, the failure of an employee to meet his or her financial obligations does not reflect favorably on the school division and frequently has an adverse affect on the employee's job performance.

VII. Payroll Deductions: Tax-Sheltered Annuity (TSA) Program

A. Generally

These regulations refer to tax-sheltered annuities (TSA) authorized by Section 403(b) of the Title 26 of the Internal Revenue Code. The arrangement is created by a salary reduction agreement between the School Board and its employee. A TSA permits an employee to postpone paying federal and state income tax on employer contributions toward the annuity until receipt of annuity payments by the employee, usually upon retirement.

B. Salary Reduction Agreement

1. The agreement is legally binding and irrevocable for amounts earned while the agreement is in effect.
2. Contributions under an agreement can be based on a prescribed percentage of salary or a fixed dollar amount.
3. Contributions cannot exceed the maximum exclusion allowance.
4. Service Provider must sign the Service Provider Agreement for 403(b) Retirement Programs and have it to the payroll department by the designated date.
5. The Service Provider must enroll, at least, 10 active participants for payroll deduction to be initiated. An exception would be made in the case of a newly hired employee who already has a membership through his/her previous employer.
6. Employees must have a completed and signed Salary Reduction Agreement on file before payroll deductions can be initiated.
7. New annuity vendors can only be added to payroll deduction one time per year which will be designated by the Employer.

C. Federal Insurance Contributions Act (FICA)

Contributions toward a TSA under a salary reduction agreement are considered wages for the FICA (social security) tax.

D. Reporting by the Division

1. The division will report the participation of each employee with a TSA by checking the “Pension Plan” box on Form W-2.
2. The division will report on Form W-2 the total “elective deferrals” of each employee, including contributions to a TSA.
1. The division will report excess deferrals, excess contributions and excess aggregate contributions related to TSA plans.
4. Division contributions to TSA contracts for employees, to the extent excludable from gross income, are not subject to income tax withholding, either federal or state.

Revised: January 11, 2010

Editor’s Note

See also Virginia Department of Education, “Guidelines for the Establishment and Implementation of a Tax-Sheltered Annuity Program” (3 October 1999)