

## Employee Tuition Benefit Update

Due to an internal audit and a review of IRS regulations, the employee tuition benefit and process have been updated. A summary of changes is shown below.

### Things That Won't Change

1. Tuition Benefits for children will continue until the age of 31\*.
2. There is no waiting period for tuition benefits to begin (they start the next semester).
3. Tuition Benefits will still be available for adjunct, clinical, and concurrent faculty.

### Things That Will Change, Effective January 1, 2010

1. WSU has a new and improved web application for applying for tuition benefits. **NO MORE BLUE CARDS** means a paperless process! Just verify your status online each semester.
2. Per IRS Code, the WSU Payroll Office must withhold tax for tuition benefits for children who are **not "dependents"**\*\* (tax to be paid by employee through payroll deduction).
3. Per IRS Code, the WSU Payroll Office must withhold tax for **graduate** tuition for:
  - a. Spouses
  - b. Children (dependent and non-dependent)
  - c. Employees when the tuition waiver is over \$5,250 per year. (WSU suggests you have your tax return preparer evaluate if the graduate education expense in excess of \$5,250 qualifies for tax exemption and take the benefit then.)
4. Adjunct and concurrent faculty will now receive 1 credit hour graduate or undergraduate tuition and student fees for every credit hour taught (up to 6).
5. Clinical faculty must make a substantial (40 clock hours per semester) contribution to the academic activities of the institution in order to receive tuition benefits. The benefit will be available the following semester.
6. Because of tax complications, retired/deceased employees' tuition benefits will change:
  - a. Spousal benefits are only for undergraduate courses
  - b. Dependent\*\* children's benefits are only for undergraduate courses and terminate at age 24
7. To allow for simplification, the current PPM will be replaced with three (3) documents:
  - a. 3-42 – Tuition Benefits for Salaried Employees
  - b. 3-42a – Tuition Benefits for Non-Salaried Employees
  - c. 3-42b – Tuition Benefits for Retired/Deceased Employees

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\*This is not the case for retirees' and deceased employees' dependents.

\*\*Dependent children ("qualifying child") as defined § 152:

- Individual must bear one of the following relationships to taxpayer: child or descendant of such child, brother, sister, stepbrother, stepsister, or descendant of any such relative;
- Has the same principal place of abode as the taxpayer for more than one-half of such taxable year;
- Is a student who has not attained the age of 24 as of the close of such calendar year;
- Has not provided over one-half of such individual's own support for the calendar year in which the taxable year of the taxpayer begins; and
- Has not filed a joint return with individual's spouse