

January 22, 2018

Good Afternoon MCISD Employees

The purpose of this ALLMAIL is to provide an update on the refund of the Health Care Contribution (HCC). If you were employed by the ISD between July 2010 and September 2012, you will be receiving a refund of monies contributed to the Healthcare Trust, plus nominal interest. Over the past weekend, the Office of Retirement Services emailed recipients of the HCC refund the exact amount they should expect to receive. Monroe County ISD has approximately 500 employee refunds to process. We have been working on processes to ensure the refunds are processed in the most expeditious and accurate way possible.

The refunds will be made to active ISD employees on a payroll separate from the regular payroll cycle. Barring any last minute complications, the date of the special pay for this refund is February 16, 2018. The refund is taxable income, therefore, federal and state taxes will be withheld. FICA taxes were withheld when the initial deductions were made, therefore, the refund will not be subject to FICA. For this special pay, **only** federal/state taxes and court-ordered deductions (e.g. garnishment) will be made on this payroll. There will be no other deductions (such as premium deductions, coffee fund etc.) taken on this special pay. Also, as the initial deductions were reported to ORS, the refund will NOT have MIP/DC/PHF withheld. The refund will be deposited to your net direct deposit bank account (which is the last listed bank account on your paycheck stub) and will **not** be split among your other direct deposit accounts.

The other portion of the refund is the interest earned in escrow by the State that is being passed along to each employee. This interest will be taxable income to all recipients, however since the MCISD did not earn the interest, it is not required to have taxes withheld and will not be separately reported to you on a form 1099-INT at the end of year. Employees will need to include it in their own tax filing at year end.

Employees with an existing 403b or 457 may elect to contribute all or a portion of their refund to that 403(b) or 457 annuity account by completing the attached form. PLEASE NOTE: Any part of the refund deposited to your 403(b)/457 will count towards your annual maximum contribution. If you elect to direct the refund to your 403b/457, please complete and return the attached form to Human Resources by no later than FEBRUARY 5, 2018.

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