

TAXABLE TUITION REIMBURSEMENT NOTICE

This notice outlines ongoing tax withholding practices for tuition reimbursement amounts in excess of \$5,250.00 per calendar year. Undergraduate courses and graduate courses reimbursed up to \$5,250.00 are NOT taxable. Please review this document for important information about tax withholding obligations for taxable tuition reimbursement above \$5,250.00.

Taxable Tuition Payments:

In accordance with current federal, state and local withholding regulations, income tax withholding must take place from all taxable tuition payments. The taxation questions answered during the application process are used to determine whether reimbursement in excess of \$5250.00 is taxable, per IRS guidelines. Our tuition reimbursement vendor, Edcor, makes payment, via check, for the gross amount approved (no income tax is withheld). If reimbursement is deemed taxable, First Data is required to withhold the appropriate federal, state and local income tax amounts. The taxes will be withheld from your current/future payrolls. To minimize the reduction of net wages in any single pay period, the following accommodations will be made:

- On taxable tuition payments up to \$1000, applicable taxes will be deducted through FDC payroll in the pay period after the tuition information is received from Edcor.
- On taxable tuition payments from \$1001 - \$2500, applicable taxes will be deducted through FDC payroll over TWO pay periods after the tuition information is received from Edcor.
- On taxable tuition payments over \$2500, applicable taxes will be deducted through FDC payroll over THREE pay periods after the tuition information is received from Edcor.

This process becomes effective with tuition reimbursement amounts approved after August 2, 2007. Once you receive your tuition reimbursement check from Edcor, please plan accordingly for the pay periods in which the taxes will be withheld from your paycheck.

Questions concerning the FDC Tuition Policy may be directed to the HR Service Center at 1-866-688-7788 option 1, then option 4 for benefits.