

To: All Employees
From: J. P. Mowery jmowery@k12.wv.us
Date: January 24, 2020
Re: Important Employee Information

Greetings! Please see the information on the various topics below.

W-2's

Your W-2's have been distributed. Your **taxable** wages are in box 1 of the W-2. Your taxable wages are not your gross wages (salary). Taxable wages are gross wages minus Section 125 pre-taxable deductions (such as health/life insurance), retirement, and any tax sheltered annuities. If you have any questions, please contact Vicki Hammer at vhammer@k12.wv.us or 358-2207, ext. 129.

Also, please note that the Affordable Care Act provides that employers are required to report the cost of employer-provided health care coverage on your W-2 form. This amount is reflected in Box 12 with a code of DD. This is the combined employee and employer cost of your health coverage for the year. I don't know that you will need this for any tax reporting purposes, but please be aware of this amount. A 1095-c form will also be distributed.

Tax Withholding

The 2020 Form W-4, *Employee's Withholding Certificate*, is very different from previous versions. This is due to the federal tax law changes that took place in 2018. **The Internal Revenue Service (IRS) is not requiring all employees to complete the revised form** and has designed the withholding tables so that they will work with both the new and prior year forms. **However, certain employees will be required to use the new form: those hired in 2020 and anyone who makes withholding changes during 2020.**

As mentioned, you are not required to make any changes, but this email is serving to let you know about possible withholding changes you may need to make to ensure you have the proper amount of taxes withheld going forward.

Even though the IRS does not require all employees to complete the revised form and even if your tax situation has not changed, we recommend you perform a "paycheck checkup" to see if you need to make adjustments to your current withholding. To conduct the checkup, you can use the IRS's Tax Withholding Estimator (www.irs.gov/W4App). To effectively use the estimator, it is helpful to have a copy of your most recent pay stub and tax return. It is likely that the estimator will be updated to account for the 2020 tax tables in early January.

Please note: if you do not submit a new form, withholding will continue based on your previously submitted form.

Before completing the 2020 Form W-4, please read the instructions that are included with the form. You must complete Steps 1 and 5. Steps 2, 3, and 4 are optional, but completing them will help ensure that your federal income tax withholding will more accurately match your tax liability. Step 1 is for your personal information; Step 2 is for households with multiple jobs; Step 3 is used to claim tax credits for dependents; Step 4 is for other adjustments (additional income such as interest and dividends, itemized deductions that exceed the standard deduction, and extra tax you want withheld); and Step 5 is where you sign the form.

The IRS takes your privacy seriously and suggests that, if you are worried about reporting income from multiple jobs in Step 2 or other income in Step 4(a), you check the box in Step 2(c) or enter an additional withholding amount in Step 4(c). To determine the additional withholding amount, you can use the withholding estimator.

The IRS has also published Frequently Asked Questions that you may find helpful as you complete the form (<https://www.irs.gov/newsroom/faqs-on-the-2020-form-w-4>).

A link to the new form is available at <https://www.irs.gov/pub/irs-pdf/fw4.pdf>

We know this is more than a bit complicated. Please consult your tax preparer if you have detailed questions about your tax withholdings. You can, of course, also contact Vicki Hammer in Payroll at 304-358-2207, ext. 129 or vhammer@k12.wv.us

Section 125 Plan Re-Enrollment

The American Fidelity representatives, Ron Berkstresser and Tom Stuvek, have been meeting with employees during **January**. American Fidelity is the sponsor of our Section 125 cafeteria plan. This plan allows many deductions, including health insurance to be tax-sheltered, thus allowing employees to pay less tax during the year. **It also allows persons to participate in the medical reimbursement plan, saving money on medical expenses.**

IRS regulations require all employees to at least sign off on an information sheet, even if you want to make no changes to your current options. The **IRS requires** this so that we have proof that all employees have had the opportunity to participate. There is no obligation to purchase any additional insurances, annuities, etc., but this is an opportunity to look at medical reimbursement, annuities, and insurances like disability, long term care, etc. if you are interested. If you have any additional questions, please contact Vicki Hammer at vhammer@k12.wv.us or 358-2207, ext. 129.

Retirement

For those employees in the Defined Benefit Retirement Plan, statements have been or will be distributed to you by the Retirement Board. Please carefully review the statements. They come directly from the Retirement Board and should show you a complete listing of your salaries, years of service and beneficiary information.

If you believe any of the information on this statement to be inaccurate, please return a copy to the Retirement Board with changes noted. Be certain to include your address and a daytime phone number that they may contact you.

Speaking of retirement, don't forget to turn your notification of retirement in by the March deadline if you are a professional educator planning to retire at the end of this school year in order to be eligible for your early notification bonus.

WVEIS Employee Online Self-Serve

WVEIS Employee Self-Serve is a great way for employees to access basic payroll information, check amounts and W-2 info, all online. **You can even use this to eliminate the receipt of the paper direct deposit stub that you receive every pay day.** See the attachment to see how this can work for you.

This memo and website link are also posted on the Pendleton County Schools website at <https://www.pendletoncountyschools.com> Click under Admin & Staff Resources and it is the first item.

Annual 403(b) Notice of Eligibility

The limit on elective deferrals - the most an employee can contribute to a 403(b) account out of salary - is \$19,500 in 2020. Employees who are age 50 or over at the end of the calendar year can also make additional contributions. See attached memo for additional information. This information is also under Staff Notices Section on the county web site.

Travel Expense

We have had a few questions about the maximum daily meal allowance of \$30. The \$30 limit is the maximum amount per day that can be claimed when out of the county travelling on school business. It is not a daily per diem rate to be automatically claimed regardless of how much is spent. Always list how much you actually spent for the day (up to \$30) on meals when traveling overnight for approved out of county travel.

Supplemental Pay

Occasionally we receive a question wondering why supplemental pay (coaching, stipends, tutoring, etc.) cannot be paid in a separate paycheck. There are several reasons. The primary reason is that IRS regulations on supplemental wages require additional taxes to be withheld if those wages are on a separate check or to simply lump the supplemental pay in with the regular pay. We choose the 2nd option, as most school districts do, which insures that the supplemental pay will be withheld at the proper rates and eliminates the need for additional pay check runs throughout the year.

One common misnomer is that there is a “penalty” of additional taxes when such payments are lumped in which result in more taxes being owed at the end of the year than if the pay was on separate paychecks. This is not correct. While adding the supplemental pay to the regular check may result in a higher percentage of taxes being withheld, the tax owed on the yearly tax return will not be any higher and the employee will either get a higher refund or owe less taxes than if withheld at the normal lower rate on the particular paycheck in question.