

## IMPORTANT INFORMATION REGARDING TUITION WAIVERS ON GRADUATE-LEVEL STUDIES

Dear Congress Member:

Because the amount of tuition and fees waived for spouses and dependents of employees/ emeriti as an employee benefit for **graduate level studies** is a taxable benefit to the employee, current Federal regulations require that we must report said benefit on your W-2 Form and we must deduct from your pay the amount of FICA due on the benefit.

“Graduate level study” is defined as follows:

If a student is matriculated in a **graduate** program of study, any course taken (whether graduate or undergraduate) by the student is considered graduate level study.

If a student is matriculated in an **undergraduate** program of study, any course taken (whether graduate or undergraduate) by the student is considered undergraduate level study, and is **not** a taxable benefit.

If a student is **not** matriculated, but possesses an undergraduate degree, any course taken by the student is considered graduate level study.

If your spouse and/or dependent(s) exercise this benefit, we will adjust your payroll records to reflect the amount of the taxable benefit. The amount of the benefit will appear on your Statement of Earnings and Deductions (pay stub) as “Fringe Benefit”, and, if applicable, your net pay will be reduced by the amount of FICA due on the benefit. NOTE: If your spouse and/or dependent(s) are part-time and withdraw from a course, or are full-time and withdraw from the university, you will still incur a taxable benefit on the non-refundable amount of the tuition and fees.

Federal and state taxes will **not** be withheld on the amount of this benefit through payroll. The benefit will appear on a separate earning of your W-2 form. You will be responsible for paying taxes on the benefit amount when filing Federal and State income taxes.

If your spouse and/or dependent(s) choose to exercise this benefit, you may wish to reexamine your tax withholding. If you wish to increase the amount of tax withheld, or if you have general questions regarding this benefit, please contact the Human Resources Office. If you have questions regarding your tax liability, you should seek the advice of your accountant or professional tax preparer.

Please refer to the Graduate-Level Educational Assistance Tax Reporting Requirements for CSCU employees who have tuition and fees waived as an employee benefit for graduate level studies.