

Policy

PAYROLL DEDUCTIONS FOR EMPLOYEE SAVINGS AND
TAX SHELTER ANNUITY

The role and responsibilities of the Board of Education and its official agents, relative to the system of payroll deductions and the savings and/or annuity programs is strictly limited. The Board of Education assumes only the role of collection and disbursement agent of employee funds. The Board is responsible for the accurate and timely deduction of salary from the employees' wages and disbursement to the appropriate savings or investment institutions.

The Board of Education assumes no responsibility or liability for the investment decisions made by individual staff members.

The identification, evaluation, and recommendation of proposed annuity and savings plans to be offered to employees shall be the primary responsibility of the employees themselves acting independently or through their elected representatives of the Mendham Borough Education Association (and/or Mendham Borough Administrators' and Supervisors' Association). The Board of Education reserves the right to accept or reject recommendations subject to the specific provisions of the agreement between these groups and the Board. In order to receive (positive) consideration, all prospective savings and/or annuity plans must be in accordance with New Jersey Law governing the Board's ability to participate in payroll deductions for such plans.

In addition to the Supplemental Annuities program offered through the New Jersey Pension System and the TRI-CO Credit Union (as called for in the agreement), the Board will administer payroll deductions for tax shelter (403 B) annuities offered through a maximum of seven (7) TSA Brokers and/or Life Insurance Companies.

Payroll Authorization

Employment of all district personnel whether by the year, term, month, week, day or hour in contract, temporary, or substitute form must be approved by the board. Authorization to pay follows there from.

Each motion of the board to employ or re-employ on a contractual basis (i.e., for a fixed period of time) shall include the name of the individual, the position title, the salary to be paid over the term of the contract and the period of employment. Each motion of the board to employ on a temporary basis (i.e., by the hour or day) shall include the name of the individual, the position title and the rate of pay. Motions regarding personnel action noted in the board minutes, to include, but not be limited to, the appointment, promotion, resignation, retirement, death, discharge, compensation, or leave of absence for each employee. The minutes will also include effective dates for personnel action.

Approval for payment in the performance of special activities is required as follows: bedside instructors, as certified by the superintendent; coaches, as certified by the principal and superintendent; extracurricular advisors, as certified by the principal and superintendent.

Authorization is hereby given to withhold salary or wages for unapproved time off by action of the board secretary/business administrator.

The payroll journal shall be certified by the board secretary/business administrator and the president of the board, monthly. One warrant for the net amount of the payroll and a second warrant for all payroll deductions, together with district matching funds and administrative charges, shall be deposited to special accounts for disbursement by the treasurer upon receipt of the certified payroll.

PAYROLL DEDUCTIONS AND ANNUITIES (continued)

Staff members shall be paid in accordance with the provisions in their collective bargaining agreement and/or in accordance with a schedule provided to all employees prior to the beginning of the contract or school year.

At least once every three years, between the months of September through May, the superintendent shall require each district employee to report to a central location(s) and produce picture identification and sign for release of his or her paycheck or direct deposit voucher (N.J.A.C. 6A:23A-5.7). The accepted picture identification shall be in the form of a district-issued identification card, valid drivers' license, official passport, or other picture identification issued by a State, county, or other local government agency.

The superintendent shall designate an appropriately qualified staff member to match the picture identification to the position control roster maintained by the office of personnel or human resources prior to release of the pay check or direct deposit voucher. If the district elects to conduct this payroll verification prior to the district's required implementation of the position control, the district may use similar and suitable office of personnel or human resources generated listing of employees (N.J.A.C. 6A:23A-6.8). Where no appropriate identification can be produced, the business administrator/board secretary shall withhold paychecks or stop direct deposits until such time the payee/district employee can produce appropriate identification or until an investigation and corrective action is concluded, as appropriate to the circumstances.

Upon completion of the payroll check distribution verification procedures, the superintendent shall submit a certification of compliance, in a form prescribed by the Department of Education, to the Executive County Superintendent. Verification of the district's compliance with the verification procedures will be required as part of the annual audit.

The payroll journal will be certified by the board secretary, the president of the board, and approved by the superintendent.

Payroll Deductions

The board may in its discretion act on behalf of individual employees to deduct a certain amount from the employees' paycheck and remit an equal amount to an agent designated by the employee. It is the purpose of this policy to designate those purposes not otherwise mandated by law for which the board is willing to act on behalf of an employee.

No deduction may be made from the wages of an employee except for federal income tax, social security, New Jersey Income Tax and New Jersey Unemployment Assistance without proper authorization. Pension deductions are authorized by the New Jersey Division of Pensions; all other deductions are authorized only by the employee.

The board has authorized in accordance with the below cited legislation that deductions may be made from an employee's paycheck upon proper authorization on the appropriate form, as prepared by the district, for the following purposes:

- A. The payment of premiums for group life, accidental death or dismemberment, hospitalization, medical, surgical, major medical, health and accident, and legal insurance plans (N.J.S.A. 18A:16-13).
- B. The purchase of United States Government bonds (N.J.S.A. 18A:16-8);
- C. The employee's participation in a summer payment plan for repayment to the employee in one payment in June or by payment upon the death or termination of the employee, if earlier (N.J.S.A. 18A:29-3);
- D. Tax sheltered annuities or custodial accounts (N.J.S.A. 18A:66-127);
- E. Payments to a credit union (N.J.S.A. 40A:9-17);
- F. An approved charitable fund raising campaign (N.J.S.A. 52:14-15.9c); and

PAYROLL DEDUCTIONS AND ANNUITIES (continued)G. Bona fide organizational dues (N.J.S.A. 52:14-15.9e).

Contributions shall be made as soon as is reasonably possible after the funds have been deducted from an employee's salary. No contribution shall be made on behalf of an employee until the amount contributed has been deducted from the employee's salary.

The board will permit the remittance of funds for annuities and mutual funds only to those insurers and custodial accounts authorized by law and expressly approved by this board. The board will consider the approval of only those insurers and custodial accounts to which 25 or more employees of this district subscribe.

If the number of subscribers falls below that number, no new subscribers will be allowed and the account will be terminated when all remaining subscribers have closed their accounts.

No more than 3 accounts will be approved for remittance at any one time.

An employee who wishes to pay into a tax sheltered annuity or mutual fund offered by a firm not approved by this board for payroll deductions must make his or her payment individually.

The board wishes to provide members of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System the opportunity to make tax deferred contributions under the United States Internal Revenue Code. On the written approval of an employee, contributions deducted from the employee's wages and remitted directly to TPAF or PERS, as appropriate, will be designated as employer contributions, paid by the board on behalf of the employee. No employee may receive the contributed amount directly.

No board employee shall withhold or pay to another or purchase or have assigned, other than by court order, any compensation for services of any district employee.

First Reading: December 18, 2012
 Adopted: January 29, 2013
 NJSBA Review/Update: May 2015
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 Readopted: December 15, 2015

Key Words

Payroll Authorization, Salary Checks, Deductions

<u>Legal References:</u>	<p><u>N.J.S.A.</u> 18A:16-8 <u>N.J.S.A.</u> 18A:16-9 <u>N.J.S.A.</u> 18A:16-13</p> <p><u>N.J.S.A.</u> 18A:29-3</p> <p><u>N.J.S.A.</u> 18A:66-30 <u>N.J.S.A.</u> 18A:66-32 <u>N.J.S.A.</u> 18A:66-78</p> <p><u>N.J.S.A.</u> 18A:66-127 <u>N.J.S.A.</u> 40A:9-17 <u>N.J.S.A.</u> 52:14-15.9 et seq. <u>N.J.A.C.</u> 6A:23A-1 et seq. <u>See Particularly:</u> <u>N.J.A.C.</u> 6A:23A-5.7 <u>N.J.A.C.</u> 6A:23A-6.8</p>	<p>Salary deduction for government bonds Responsibility of board Entering into group life, hospitalization, health and accident insurance contracts Summer payment plans; continuance of plan to raise funds Employee's consent to deductions Employer's duties Teacher's pension and annuity fund: additional death benefits; contributions; adjustment Tax sheltered annuities Payment to credit unions Public Employee Charitable Fund-raising Ac Accountability regulations</p>
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PAYROLL DEDUCTIONS AND ANNUITIES (continued)

Possible

<u>Cross References:</u>	*3100	Budget planning, preparation and adoption
	*3326	Payment for goods and services
	*3570	District records and reports
	3571	Financial reports
	*3571.4	Audit

*Indicates policy is included in the Critical Policy Reference Manual.

PAYROLL DEDUCTIONS AND ANNUITIES (continued)**BOARD APPROVED ANNUITIES**

New Jersey Supplemental Annuity Collective Trust
New Jersey Division of Pensions
CN 295
Trenton, NJ 08625-0295

Lincoln National
710 Route 46 East
Fairfield, NJ 07004

Agent: Alfred Mashnuk
(201) 227-5353

Metropolitan Life
Two Bala Plaza, Suite 300
Bala Cynwyd, PA 19004

Agent: Dick Cooke
1-800-962-8320

Thomas Seely Agency Inc.
Great American Life
Life of the Southwest
100 West Camden Avenue
Moorestown, NJ 08057

Agent: Karl Brecheisen
1-800-628-6693

USAA
USAA Building
San Antonio, Texas 78288

1-800-531-8000

VALIC (Variable Life Insurance Company)
14 Commerce Drive
Cranford, NJ 97916

Agent: Geoffrey Selby
(908) 276-6363