



February 20, 2018

Updated ORS Refund Information

Please read if you worked for Mattawan Consolidated Schools between July 2010 and September 2012 and have been notified by the Office of Retirement Services (ORS) that a refund of your healthcare contributions under PA 75 of 2010 was returned to the district.

Since the time of the ruling, Mattawan Consolidated Schools has been working with our attorneys, auditors and reviewing the guidance provided by MSBO (Michigan School Business Officials) for the correct tax treatment of these refunds and other IRS considerations. These earnings were not originally subject to tax; therefore, we now must withhold federal, state and social security taxes. No other deductions will be taken.

According to IRS guidance and our auditors, the ORS 3% refund is to be treated as 2018 “supplemental wages” which require a flat 22% withholding tax. Current state withholding elections will apply. For social security, the current 6.2% FICA and 1.45% Medicare withholdings will also apply.

After consulting with our HSA and 403b providers, we have made a decision to offer one-time contributions into existing HSA and/or 403b accounts for active employees who already have existing accounts. The amount that is contributed for HSA will not be subject to any taxes. 403b contributions will be subject to social security but not federal or state taxes.

Your paystub will separately itemize the amount of your refund and the amount of interest. The interest amount is not subject to payroll taxes, however, you must report this interest income when you file your 2018 taxes. The payment amount of your refund will be reported along with the taxes withheld on your 2018 W-2 issued by the District.

If you were employed by another school district between July 2010 and September 2012, you will receive separate refunds from each district. The refund you receive from Mattawan only relates to wages earned as a Mattawan employee. You should reach out to your former district to update your contact information with them.

MATTAWAN CONSOLIDATED SCHOOL

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Current employees who are receiving pay from Mattawan Consolidated School will receive their direct deposit on Friday, March 16th for their refund and interest less applicable taxes.

If a current employee wishes to defer a portion or all of their refund into an existing HSA and/or 403b plan, they will have to submit that request on the applicable form to the central office no later than Friday, March 9th. Lourdes Puzevic and myself will be available to answer questions and provide the forms in the next few weeks in the central office. We will also be available in each of the buildings on the following dates and times:

Friday, February 23rd from 9:30am-11:30am High School
Tuesday, February 27th from 11am-1pm Middle School
Wednesday, February 28th from 11am-1pm Later Elementary
Friday, March 3rd from 11am-1pm Early Elementary

Former employees have been asked to update their contact information on our website. We are also mailing a postcard to any former employee who has not yet updated their information. All former employees who have updated their information with us will receive their refund and interest, less applicable taxes in a paper paycheck dated March 16th mailed out when received from KRESA on March 21st. For any former employees who have not yet confirmed their address by March 9th, we will again reach out and ask for that information and do a subsequent paycheck run on April 13th mailed on April 18th.

If you are a family member of a contributing employee whom is now deceased, please email or contact Lourdes Puzevic, Director of Human Resources (lpuzevic@mattawanschools.org) or 269-668-3361 x 1728.

Payments for refunds for deceased employees' beneficiaries will be handled via vendor check. A year end 1099 will be issued for anyone receiving over \$600. Any former employee who is receiving under \$1 will also receive a vendor check. Those vendor checks will be processed in March.

Please reach out if you have any questions or need further information.

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