

Book	Policy Manual
Section	Vol. 38, No. 2 - February 2024
Title	Vol. 38, No. 2 - February 2024 Revised PAYROLL DEDUCTIONS
Code	po6520
Status	First reading
Adopted	November 1, 1991
Last Revised	December 8, 2014
Last Reviewed	April 26, 2024

Revised Policy - Vol. 38, No. 2

6520 - PAYROLL DEDUCTIONS

The Board of Education authorizes in accordance with the provisions of law or upon proper authorization on the appropriate form that deductions be made from an employee's paycheck form for the following purposes:

- A. Federal and State income tax
- B. Social Security
- C. Municipal income tax
- D. Public School Employees Retirement System
- E. Michigan Public School Employment Retirement System (MPSERS) Tax Deferred Payment (TDP) plan
- F. other legally permissible deductions established through an applicable collective bargaining agreement
- G. Section 125 deductions (cafeteria plans)
- H. U.S. Savings Bonds
- I. direct deposit in a chartered credit union and/or bank
- J. contributions to charitable corporations, not-for-profit, and community fund organizations
- K. payment of group insurance premiums for a plan in which at least ten percent (10%) of the District employees participate
- L. payment for benefits of part-time employees who elect to participate in benefits provided to full-time staff
- M. court ordered judgments

~~Deductions are not allowed for dues or service fees for a labor organization or for contributions to political action committees. [Note: The prohibition on deduction of union dues or services fees is effective as of March 16, 2012, unless a collective bargaining agreement was in effect as of that date, then it becomes effective with the date of expiration, renewal or extension of that bargaining agreement.]~~

To the extent permitted by law and in accordance with the procedures set forth below, the Board of Education declares its willingness to enter into an agreement with any of its employees whereby the employee agrees to take a reduction in salary with respect to amounts earned after the effective date of such agreement in return for the Board's agreement to use a corresponding amount to purchase an annuity for such employee (or group of employees desiring the same annuity

company) from any company authorized to transact the business as specified in law in accordance with Section 403(b) of the Internal Revenue Code, and in accordance with the District's administrative guidelines. However, it shall be clearly understood that the Board's only function shall be the deduction and remittance of employee funds.

In any case where the employee designates the agent, ~~broker, broker~~ or company through whom the Board shall arrange for the placement or purchase of the tax-sheltered annuity, the agent, ~~broker, broker~~ or company must execute a reasonable service agreement, an information sharing agreement, and/or other similar agreements as determined at the discretion of the District. The service agreement shall include a provision that protects, indemnifies, and holds the District harmless from any liability attendant to procuring the annuity in accordance with provisions of the Internal Revenue Code and other applicable Federal or State law.

The agent, ~~broker, broker~~ or company must be designated by a number of employees equal to at least one percent (1%) of the Board's full-time employees or at least five (5) employees, whichever is greater (except under no circumstances shall the agent, ~~broker, broker~~ or company need to be designated by more than fifty (50) employees).

The Board may waive this requirement for new employees who have already purchased annuities from an agent, ~~broker, broker~~ or company, not utilized by current employees in the District, while the individuals were employed by another public entity.

The Board may limit the number of participating providers and select approved providers.

The Board, by providing employees with payroll deduction services for annuities, is not providing any financial advice to employees, and is not vouching for the suitability of any investment or any annuity provider. The District assumes no responsibility or liability for any investment decisions or losses with respect to employee annuity purchases.

Said agreement shall comply with all of the provisions of law and may be terminated as said law provides upon notice in writing by either party. Employees shall notify the Superintendent's Office in writing if they wish to participate in such a program.

M.C.L. 380.1224, 408.477; ~~423.210 (2012 P.A. 53)~~
~~M.E.A. v. Secretary of State, (on rehearing) 489 Mich. 104 (2011)~~
~~Mich. OAG 7187 (2006)~~
© Neola ~~2013~~ 2024

Legal M.C.L. 380.1224, 408.477

Last Modified by Amy Manchester on April 26, 2024