



Book	Policy Manual
Section	Vol. 32 No. 1 for Board Approval
Title	Revised Policy - Vol. 32, No. 1 - March 2020 - PAYROLL DEDUCTIONS
Code	po6520
Status	
Adopted	January 14, 2010
Last Revised	March 10, 2016

#### 6520 - **PAYROLL DEDUCTIONS**

For those employees not covered by the terms of a negotiated agreement, the Board of Trustees ~~Managers~~ authorizes that certain deductions may be made from an employee's paycheck upon receipt of proper written authorization on the appropriate form. Subject to I.C. 22-2- 6-2 and other applicable law, deductions may be made for:

- A. Federal, State, and local income tax;
- B. Social Security and Medicare (FICA);
- C. Indiana State Teachers Retirement Fund or Public Employees Retirement Fund;
- D. ( ☒ ) county local option income tax;
- E. ( ☒ ) Section 125 deductions (cafeteria plans);
- F. ( ☒ ) Section 403(b) deductions;
- G. ( ☐ ) ~~Section 457(b) deductions;~~
- H. ( ☐ ) ~~U.S. Savings Bonds;~~
- I. ( ☒ ) savings in a chartered credit union;
- J. ( ☐ ) ~~contributions to charitable or nonprofit organizations;~~
- K. ( ☒ ) payment of dues to labor organizations of which the employee is a member;
- L. ( ☒ ) payment of group health or life insurance premiums for a plan in which at least ten percent (10%) of the Cooperative employees participate;
- M. ~~) purchase, rental or use of uniforms, shirts, pants, or other job-related clothing at an amount not to exceed the direct cost paid by the Corporation to an external vendor for those items;(-~~
- N. ~~) purchase of equipment or tools necessary to fulfill the duties of employment at an amount not to exceed the direct cost paid by the Corporation to an external vendor for those items;(-~~
- O. ( ☒ ) other deductions as permitted by I.C. 22-2-6-2.

Employees shall notify the Cooperative's administrative offices in writing if they wish to participate in this payroll deduction program. Any payroll deduction agreement provided by an employee must otherwise comply with all of the provisions of applicable law and may be terminated as said law provides upon notice given in writing by either party.

To the extent permitted by law, the Board also 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 contribute such withheld amounts to an employee benefit plan described in section 403(b) or 457(b) of the Internal Revenue Code, which has been made available by the Cooperative ("403(b) or 457(b) Plan"). Such contributions will be subject to the terms and conditions of the employee's salary reduction agreement and the Cooperative's administrative guidelines that are adopted from time to time with respect to the 403(b) or 457(b) Plan, including the following:

- A. Amounts withheld at an employee's election for contribution to a 403(b) or 457(b) Plan will only be forwarded to a company/vendor that has been previously approved by the board and continues to remain on the Board's approved list of vendors.
- B. An employee must complete a standard salary reduction agreement that has been pre-approved by the Cooperative.
- C. By providing employees with payroll deduction services for contributions to a benefit plan, the Board is not providing any financial advice to employees.
- D. The Board does not guarantee the return or quality of any tax-sheltered annuity, mutual fund, or other investment selected by an employee, and it is intended that the Board and the Cooperative shall have no liability whatsoever for any investment alternative offered by an approved vendor or selected by an employee.
- E. All costs incurred in the administration of the 403(b) or 457(b) Plan and corresponding investment fees shall be paid from the assets of the applicable 403(b) or 457(b) Plan.
- F. ( ) [~~Other~~] \_\_\_\_\_.

© Neola ~~2015~~ 2020

Legal

I.C. 22-2-6-2

Internal Revenue Service Code Section 403(b)