

# Employee-to-Employee Extended Illness Bank (EIB) Donation FAQs

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## Donating EIB Hours

### 1. As the donor, why am I taxed on the dollar value of the EIB hours I donate?

Under Internal Revenue Service (IRS) regulations, when an employee donates accrued leave directly to another employee, the donating employee has taken constructive receipt of their accrued leave hours and those hours become taxable to the donating employee.

### 2. What is constructive receipt?

Constructive Receipt - The Doctrine of Constructive Receipt is a taxation principle that taxes income before that income is actually received. It says that that gross income under a taxpayer's control before it is actually received must be included by the taxpayer gross income, unless the actual receipt is subject to significant constraints. Therefore, according to this doctrine, even if the income is not actually received, the fact that the person could have had it if s/he had simply requested it, means that for all intents and tax purposes, that the person did have it.

Source: <http://definitions.uslegal.com/c/constructive-receipt-doctrine/>

### 3. As a donor, how do I calculate what my tax withholding might be if I donate leave?

MD Anderson cannot provide tax advice to employees, or personalized calculations of specific tax impact to each employee. There are however many free paycheck estimators that are available on the internet. While MD Anderson does not endorse any particular paycheck calculator, we have provided links to two of the external websites that may be of assistance in modeling estimated tax withholding for the donor.

- Paycheck City: <http://www.paycheckcity.com/>
- Paycheck Calculator: <http://payrolltexas.com/PayrollCheckCalculator.aspx>

Note: It is important to keep in mind that these external calculators are for illustration purposes only, and are intended to provide an estimate of your tax withholding. MD Anderson is not responsible for the accuracy of the estimates they provide. Your actual tax liability depends on each individual's specific situation.

The maximum number of hours a donor may donate each pay period is subject to the individual having enough earnings to cover the taxes for each pay period.

**4. Will the value of donated EIB appear on my W2?**

Yes, the value of donated EIB is included as taxable income of your W2.

**5. If I donate leave and end up needing it back in the future and the recipient(s) has not used the donated time, may I receive it back?**

No, once you donate leave, it is irrevocable and you will not get the donated hours back.

**6. What happens if the taxes are greater than my paycheck?**

The maximum number of hours a donor may donate each pay period is subject to the individual having enough earnings to cover the taxes for each pay period.

**7. If a colleague asks me to donate time, am I obligated/required to donate time to them?**

No, an employee may not directly or indirectly intimidate, threaten, or coerce any other employee or interfere with any right that an employee may have with respect to donating, receiving, or using EIB. Such acts of coercion will be the basis for taking disciplinary action up to and including termination. The donating employee determines the number of hours they wish to donate.

**8. Can my manager require me to donate to another employee or them if they ask?**

No, an employee (including management) may not directly or indirectly intimidate, threaten, or coerce any other employee or Interfere with any right that an employee may have with respect to donating, receiving, or using EIB. Such acts of coercion will be the basis for taking disciplinary action up to and including termination.

If you feel you are being directly or indirectly intimidated, threatened, or coerced, please contact your HR Generalist for assistance.

**9. I am willing to donate my time, but since I have to pay taxes on the amount donated, may the recipient reimburse me or provide me compensation or a gift as a thank you?**

No, the recipient and/or donor may not receive or give any financial payment (remuneration) or gift in exchange for this donation in accordance with the Texas Government Code Section 661.207 and such acts will be the basis for taking disciplinary action up to and including termination.

**10. Does the value of the leave hours I donate count towards Teacher Retirement System (TRS) or Optional Retirement Program (ORP) mandatory retirement plan contributions?**

No, the value of the donated leave is not considered eligible earnings for retirement contribution purposes.

**11. Is there a minimum EIB balance that I must maintain in order to donate EIB to another employee?**

No, it is the donor's responsibility to maintain a sufficient Extended Illness Bank (EIB) balance to account for future utilization.

**12. May I donate EIB to my relatives who work at MD Anderson?**

Yes, the Government Code does not exclude employees donating to their relatives that also work at MD Anderson. Therefore, hours may be donated to relatives that are active MD Anderson employees.

**13. As a donor, may I ask the individual what medical condition(s) they or their family members have?**

It is up to the discretion of the requesting individual of how much information they choose to share when requesting donated time.

Medical information obtained from the employee instead of directly from the provider is not subject to HIPAA privacy regulations.

**14. Is there a form I am required to sign if I donate hours?**

Yes, the donor and recipient are both required to sign forms. The donor must contact the Leave Center (5-3652) to obtain the donor request form.

**15. What happens if I do not have enough pay after taxes for my benefit deductions?**

If you do not have enough earnings after required taxes are deducted, the amount of the premiums that were not able to be deducted will be placed in arrears – meaning they will be taken out of your next paycheck, in addition to other deductions for the next pay period.

## **Receiving EIB Hours**

**1. May I ask colleagues and individuals outside of my department to donate EIB to me to utilize?**

Yes, a person may ask colleagues within the institution to donate EIB hours to them. As the requestor, you determine how much information you wish to share with those you are asking to donate time.

An employee may not directly or indirectly intimidate, threaten, or coerce any other employee or interfere with any right that an employee may have with respect to donating, receiving, or using EIB. Such acts of coercion will be the basis for taking disciplinary action up

to and including termination. The donating employee determines the number of hours, if any, would be donated.

**2. In exchange for donating hours, may I provide the donor a gift and/or financial (remuneration) for their donation?**

No, the recipient and and/or donator may not receive or give any financial payment (remuneration) or gift in exchange for this donation in accordance with the [Texas Government Code Section 661.207](#) and such acts will be the basis for taking disciplinary action up to and including termination.

**3. Am I required to use my leave accruals before using donated EIB?**

In most cases, the use of 16 hours of PTO (prorated based on full-time equivalency) is required before EIB and Extended Illness Bank Received accruals (EIR) may be utilized. All EIB accruals and any donated hours must be used prior to the use of Reduced Salary Paid Leave (RPL).

Any hours donated to the recipient are available from the date of donation going forward. Donated hours cannot be used retroactively.

- If the recipient is currently on RPL and during the RPL receives donated EIB hours, awarded RPL must be utilized prior to use of donated EIB.

**4. What happens if when I went on leave I did not anticipate being out as long as planned and I run out of paid leave? May I ask for time to be donated and if donated, can it be used back to the date I go on leave without pay?**

If you run out of accrued leave time and any eligible RPL hours and have not received any donated EIB time, you would enter a leave of absence without pay. If you receive donated hours after you go on leave without pay, any donated hours are may be used beginning the date they are donated.

**5. May I use donate hours for intermittent or continuous leaves?**

Donated EIB hours may be utilized for both continuous and/or intermittent leave.

**6. May I use donated EIB for the care of an immediate family member?**

Yes, donated EIB may be used for the care of an [immediate family member](#) as defined in our EIB policy.

**7. Is there a form I am required to sign if I receive hours?**

Yes, the donor and recipient are both required to sign forms. The Leave Center will contact the recipient to obtain the recipient request form.

**8. When I use donated EIB hours am I taxed on the value of the used hours?**

No, the value of the used donated time is not taxed through our payroll system. Depending on the overall dollar value of used donated time, you may want to consult a financial advisor or review [Internal Revenue Service \(IRS\)](#) documents if the value should be considered as income for income tax purposes.

**9. Does the value of the hours that I receive count towards Teacher Retirement System (TRS) or Optional Retirement Program (ORP) mandatory retirement plan contributions?**

Yes, the value of the used donated EIB is considered retirement eligible earnings and is subject to mandatory retirement deductions. The value of the used hours is based on your hourly rate.

**10. Is there a limit on the number of individuals and number of hours that may be donated to me?**

No, there is not a limit on the number of individuals or the number of hours that may be donated. Donated EIB is subject to the same eligibility requirements as EIB accruals.

**11. Can management retaliate, threaten or coerce me if I request donated EIB hours?**

An employee (including management) *may not* directly or indirectly intimidate, threaten, or coerce any other employee or Interfere with any right that an employee may have with respect to donating, receiving, or using EIB. Such acts of coercion will be the basis for taking disciplinary action up to and including termination.

If you feel you are being directly or indirectly intimidated, threatened, or coerced, please contact your HR Generalist for assistance. Please refer to our [Institutional Code of Conduct](#) and the [Institutional Retaliation policy](#) (ADM0254) for additional information.

**12. What are the consequences if donated EIB is used for non-illness/injury reasons?**

You should notify your manager immediately so that a time correction can be completed. False statements or other misrepresentations made in connection with an employee's application to be a leave recipient or a donor may be cause for: disqualification from the program; disciplinary action, up to and including termination; criminal prosecution; and liability for the amount of leave.

**13. Does utilization of EIR constitute paid leave and if I am enrolled in the UT Select Medical plan, do I receive premium sharing for medical?**

Yes, use of accrued leave, including EIR, is considered a paid leave. If you are in a paid leave status, you would receive premium sharing (MD Anderson's contribution) to your UT Select Coverage.

**14. Do unutilized EIB hours expire?**

No, donated EIB hours do not expire. If you leave MD Anderson, any remaining hours will be forfeited.

## **Departmental Information**

**1. Who is responsible for coding donated EIB time?**

If the employee is on a continuous leave managed by the Leave Center, the Leave Center would code any donated EIB hours during a continuous leave of absence.

If the employee is not on a leave managed by the Leave Center, your timekeeper would code any donated EIB hours. Examples would be for intermittent FMLA or non-FMLA ad-hoc absences related to illness/injury.

**2. Who funds the employer tax portion of the donator's EIB time?**

The donor's department is responsible for the employer tax portion.

**3. Who funds the recipient's utilization of donated EIB?**

The recipient's department is responsible for the payment of used donated hours.

**4. If I have a question regarding the status of a leave donation request of one of my employees, who do I contact?**

The Leave Center is the primary contact for assistance.

## **Definitions**

### **Accruals**

- **PTO – Paid Time Off** – PTO accruals are designed to provide paid time off for an employee's discretionary and employee and immediate family member illness/injury.
- **PT6 – Paid Time Off within 1<sup>st</sup> 6 months**– PTO accruals are designed to provide paid time off for an employee and immediate family member illness/injury within the first six-month of employment.

- **EIB – Extended Illness Bank** – EIB accruals are designed to provide paid time off for an employee or immediate family member illness or injury.
- **EIR – Extended Illness Bank Received** – EIR accruals are designed to provide paid time off for employee or immediate family member illness injury based on employees donating EIB hours to the employee.
- **EHB – Earned Holiday Bank** – EHB accruals are designed provide time off for employees who work an institutional holiday and have 12-months to utilize the accruals or they are forfeited in accordance with state law.
- **PHB – Preserved Holiday Bank** – PHB accruals are designed for those employees hired before Sept. 1, 2004 and are available for use for discretionary and illness/injury of the employee or their immediate family member.
- **RPL – Reduced Salary Paid Leave** – RPL is a salary continuance program in which employees and immediate family members are eligible for based on application and approval from the program nurse case manager.

#### Leave Codes

- **EID – Extended Illness Donor** – Extended Illness Bank hours that are deducted for donation to another employee. Entered by the Leave Center.
- **EIR – Extended Illness Recipient** – Extended Illness Bank hours that are received from other employees as part of the EIB donation program.

#### Other Terms

- **Leave Donor** – A current employee whose voluntary written request to transfer EIB hours to the account of an approved recipient.
- **Leave Recipient** - A current employee whose application to receive EIB hours from the accounts of one or more donors has been authorized by Human Resources.
- **Premium Sharing** – the monthly employer contribution that is provided to employees that have elected the UT Select Medical plan. Premium sharing is provided to employees who are in an active and paid leave status. Premium Sharing is not provided while in a leave without pay status, except if a person is on an approved FMLA case.
- **Retirement-eligible Earnings** – Compensation that counts towards the calculation of Teacher Retirement System (TRS) of Texas or the Optional Retirement Plan (ORP) contributions.