PURPOSE

The purpose of this policy is to ensure that The University of Texas MD Anderson Cancer Center (MD Anderson) payroll deductions are processed in accordance with federal, state, and institutional policies.

POLICY STATEMENT

It is the policy of MD Anderson that payroll deductions are defined in the automated payroll system for processing in semi-monthly payrolls versus monthly payrolls in a consistent manner.

There are two categories of payroll deductions: Mandatory Deductions and Optional Deductions.

SCOPE

This policy covers all MD Anderson payroll deductions including Mandatory Deductions and Optional Deductions.

Compliance with this policy is the responsibility of all faculty, trainees/students, and other members of MD Anderson’s workforce.

TARGET AUDIENCE

The target audience for this policy includes, but is not limited to, all MD Anderson employees.

DEFINITIONS

403(b) Tax-Sheltered Annuity (TSA) Plan: A retirement plan offered by public schools and certain tax-exempt organizations. An individual’s 403(b) annuity can be obtained only under an employer’s TSA plan. Generally, these annuities are funded by elective deferrals made under salary reduction agreements and nonelective employer contributions.

457(b) Internal Revenue Code (IRC) Deferred Compensation Plan: Plans of deferred compensation described in IRC section 457 are available for certain state and local governments and non-governmental entities tax exempt under IRC 501. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) allow employees of sponsoring organizations to defer income taxation on retirement savings into future years. Ineligible plans may trigger different tax treatment under IRC 457(f).

Garnishment: A legal summons or warning concerning the attachment of property to satisfy a debt.
Mandatory Deduction: Deduction mandated by either state or federal law that include (Federal) income, Social Security, and Medicare tax withholdings, as well as State of Texas retirement plans, including the Teacher Retirement System of Texas and Optional Retirement Program and Garnishments.

Optional Deduction: Deduction elected by employees; includes all other payroll deductions not included under Mandatory Deduction. Examples include insurance premiums, parking, charitable contribution, Medical and Dependent Care Flex Spending, Tax-Sheltered Annuity, and Deferred Compensation.

PROCEDURE

1.0 Mandatory Deductions

All Mandatory Deductions, including federal income tax withheld, Social Security and Medicare taxes, state retirement plans, and any Garnishments, are processed in each regular paycheck for employees.

2.0 Optional Deductions

2.1 Monthly-Paid Employees:

All optional payroll deductions elected by a monthly-paid employee are processed in each monthly paycheck.

2.2 Semi-Monthly-Paid Employees:

All optional payroll deductions elected by a semi-monthly-paid employee will be divided equally and processed in each semi-monthly paycheck.

3.0 Garnishments

Garnishments may include an Internal Revenue Service (IRS) levy, child support, bankruptcy, and repayment of student loans. A Garnishment is usually mandated by the court system and requires the employer to deduct a certain amount from the employee’s wages and issue a check to the garnishor. If an employee has multiple Garnishments in one state or over multiple states, the payroll system determines pro-ration rules under the Garnishment law of the employee’s resident state. Payroll Services will continue to garnish the employee’s wages in every payroll until the Garnishment is released in a written notification by the court.

4.0 Employee Relocation Loans

The HR Recruitment Office works with new employees who desire and qualify for Employee Relocation Loans; please see the Relocation Loan Policy (UTMDACC Institutional Policy # ADM0315) for details. Employee Relocation Loan repayments are deducted from employee’s paychecks as agreed in the promissory note. Should an employee terminate prior to repayment of the entire amount of an interest-free Employee Relocation Loan, or prior to completion of 12-month employment in a hard-to-fill position, the outstanding debt would be deducted from the employee’s last paycheck and from the paid time-off (PTO) balance accrual amount. Any remaining balance will be collected from the separated employee until repaid in full. Further action, if necessary, will be referred to the MD Anderson Legal Services Department.
REFERENCES

Optional Retirement Program.

Teacher Retirement System of Texas.

ATTACHMENTS / LINKS

None.

RELATED POLICIES

Payday Policy (UTMDACC Institutional Policy # ADM0139).

Relocation Loan Policy (UTMDACC Institutional Policy # ADM0315).

JOINT COMMISSION STANDARDS / NATIONAL PATIENT SAFETY GOALS

None.

OTHER RELATED ACCREDITATION / REGULATORY STANDARDS

None.

REFERENCES

None.
POLICY APPROVAL

Approved With Revisions Date: 12/14/2016
Approved Without Revisions Date:
Implementation Date: 12/14/2016
Version: 16.0

RESPONSIBLE DEPARTMENT(S)

Payroll Services