

Employee Compensation by Annualized Election

The Grace Joint School District offers its employees an annualized election. For the purpose of this policy, an annualized election means that the employee is allowed to choose between being paid only during the school year and being paid over a twelve (12) month period and the employee chooses to be paid over the twelve month period. Employees who choose an annualized election are deferring part of their income from one year to the next.

Annualized Election

If an employee selects the annualized election option, the employee must do so no later than the beginning of the work period. The employee shall cooperate with the following guidelines:

- *The employee must give written or electronic election to the District that notifies the District that the employee wants to defer compensation.*
- *The election must be made before the beginning of the work period.*
- *The election is to remain in place until the employee elects a change. Employees cannot change their election during the school year.*
- *The election is irrevocable so that it cannot be changed after the work period begins.*
- *The election must state how the compensation is going to be paid if the election is made.*
- *Any employee choosing to not annualize their pay may not have elective deductions taken out of their paycheck.*

Legal Reference: I.C. §§ 45-606 through 45-617 Claims for Wages

Other Reference: Internal Revenue Service, Newsroom Article, Announcement IR-2007-142, August 7, 2007, "New Rule Will Not Affect Teacher Salaries in Upcoming Year"

Internal Revenue Service, Newsroom Article, August 7, 2007, "Frequently Asked Questions: Sec. 409A and Deferred Compensation"

ADOPTED: August 13, 2008

AMENDED:

Notice of Election for Annualized Salary

This is to notify the Grace Joint School District that I have elected, beginning with the 2008-2009 school year, to have the salary for the approximately ten (10) month period during which I actually perform services paid out over a twelve (12) month period.

The payments should be made in [choose one]:

_____ (Option #1) 12 equal monthly payments (Time sheets must still be submitted to supervisors)

_____ (Option #2) Paid monthly based strictly on worked hours reported on authorized time sheet (Any employee electing option #2 may not have elective deductions taken out of their paycheck)

In the event a separation from service occurs before the end of the 12-month payment period, I will be entitled to an additional payment for the amount I have actually earned from the beginning of the 12-month pay period until the date of my separation from service, but which has not yet been paid. This additional payment will be included in my final paycheck. For this purpose, "separation from service" shall have the same meaning as that term is defined in section 1.409A-1(h) of the Treasury Regulations.

This notice is irrevocable for any particular school year, and may not be changed or withdrawn after the beginning of the school year in which I am working. This notice will be effective for the 2008-09 school year and all following school years, unless I choose to change my election. If I choose not to have my salary deferred in any future school year and be paid only during the period that I actually perform services, I will so notify the employer in writing prior to beginning work for that school year.

By signing and submitting this form I acknowledge that I have completely read, and fully understand all consequences associated with this policy and form.

Signature: _____ Date: _____

Print Name: _____

Employee ID Number: _____

Reminder to Employees: *This form must be submitted to the district before the beginning of the work period for the 2008-2009 school year.*

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