SUMMARY:

This document sets forth the Coastal Carolina University policy on items withheld from payroll payments.

POLICY:

I. PURPOSE OF POLICY

This document sets forth the Coastal Carolina University policy on items withheld from payroll payments.

II. POLICY STATEMENT

The University requires or allows certain items to be withheld from employee payroll payments.

III. PROCEDURES

The University requires or allows the following items to be withheld from employee paychecks.

A. Mandatory

1. Federal Income Tax. With the exception of certain cases described in the Direct Payment (DP) section, and in some cases involving non-resident aliens, federal income taxes will be withheld on the basis of W-4 forms filed with the Payroll Office. In the event no W-4 form is completed by an individual employee, federal and state taxes will be withheld on a mandatory basis of single with zero exemptions. An employee who wishes to have additional federal income tax withheld each payday should complete a new W-4 form and claim fewer exemptions and/or specify an additional amount to be withheld. The W-4 form can
be completed in the Payroll Office. An employee who estimates having no federal income tax liability for a particular year and had no liability for the prior year, may complete a W-4 form claiming exemption from withholding. The W-4 form claiming exemption from withholding will only be in effect for the calendar year in which it was submitted to the Payroll Office and must be renewed (prior to February 15th) in each succeeding year.

2. South Carolina Income Tax. Generally, the same guidelines for federal income tax withholdings are applicable to state income tax withholdings. However, the state of South Carolina will not allow an employee to claim exemptions for state tax purposes which exceed the number of exemptions claimed for federal tax purposes.

3. FICA Taxes. Commonly referred to as social security taxes, these taxes must be withheld from wages paid to all employees with the exception of wages paid to:

   1. Students employed while enrolled in classes at Coastal Carolina University;
   2. Certain non-resident aliens; and
   3. Recipients of extraneous payments described in the Direct Payment (DP) policy.

FICA tax is comprised of two parts: Social Security and Medicare. Social security is withheld at a rate of 6.20% up to the established taxable limit. The taxable base limit for social security for the current calendar year may be found at [http://www.socialsecurity.gov/pubs/10003.htm](http://www.socialsecurity.gov/pubs/10003.htm). Medicare is withheld at a rate of 1.45% on all taxable wages.

4. South Carolina Retirement System or Optional Retirement Plan. South Carolina Retirement or Optional Retirement contributions are withheld from wages paid to a Coastal Carolina University employee unless he/she is:

   1. A student employee;
   2. Employed in a non-covered position and elects not to become a member; or
   3. A member of the South Carolina Police Retirement System.

A new employee can choose between the two retirement plans if he/she does not already have an established account with the South Carolina Retirement System. The current rate for withholding is 6.5% on all covered wages. As of July 1, 1982, retirement contributions are exempt from federal income tax withholding. Additionally, as of January 1, 1985, such contributions are exempt from South Carolina income tax withholding.

5. South Carolina Police Officers Retirement System. Covered employees engaged in law-enforcement work contribute to a separate retirement system. All wages paid to these individuals are subject to a withholding rate established by the South Carolina Retirement System. The current rate for withholding is 6.5% on all
covered wages. The same federal and state tax exemptions as stated in item 4 above are applicable to Police Officers Retirement System contributions.

6. Federal and State Tax Liens. In cases where either the Internal Revenue Service or the South Carolina Tax Commission has levied against an employee's wages, the Payroll Office is required to withhold in accordance with terms set forth in the levy document. The IRS and the South Carolina Tax Commission are obligated to furnish the employee a copy of the levy.

7. Family Court Orders. If the University receives an official court order stipulating that certain deductions be made from an employee's pay, such deductions will be taken until the order is rescinded. Remittances will be forwarded to the court.

B. Optional Payroll Deductions

Tax Sheltered Annuities. A list of companies authorized to offer tax-sheltered annuities to Coastal Carolina University employees can be found on the Payroll Office website at https://www.coastal.edu/payroll/vendors.html.

To add a tax-sheltered annuity carrier to the above referenced list requires at least twenty (20) participants in the new plan, with a minimum contract of at least $50.00 per employee per month. A new carrier must submit a written request to provide services to the Director of Payroll prior to enrolling twenty participants.

The University does not endorse or recommend any particular company or particular group of companies over any other company or group of companies. Any agent inferring said endorsement of a particular plan by Coastal Carolina University is guilty of ethical misconduct and should be reported to the Director of Payroll or the South Carolina Insurance Commission for appropriate action.

Companies that have previously been on the approved list for offering tax-sheltered annuity programs to University employees but have shown no activity by payroll deduction for a period of four (4) months, will be deleted from the authorized list and must re-qualify to be re-approved.