I. Purpose of Policy

This document sets forth the University of South Carolina policy on items withheld from payroll checks.

II. Policy Statement

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

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 DEPS 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 Department. In the
   event no W-4 is on file with this office for an individual employee, Federal
   and State taxes are withheld on a mandatory basis of single with zero
   exemptions.
   a. An employee who wishes to pay in more Federal income tax than is
      being withheld should request, by completing a new W-4, that a
      specified higher amount is withheld each payday. W-4s can be
      completed electronically using the VIP system under the Employment
      tab.
   b. An employee who, after estimating tax liability for the current year,
      determines that an excessive amount of Federal tax is being withheld
      in order to meet that liability, should investigate the possibility of filing
      an amended "employee's withholding certificate" with Payroll.
   c. An employee who estimates having no Federal income tax liability for a
      particular year, and had no liability for the prior year, has the option of
      having no Federal income tax withheld provided he/she files an
      "employee's exempt certificate" with the Payroll Department. This
      must be submitted using the paper form. Such certificates must be
      renewed annually.

2. South Carolina Income Tax
   Generally, the same guidelines for Federal income tax withholdings are
   applicable to State income tax withholdings except the State of South
   Carolina will not allow an employee to claim total exemptions or allowances
   which exceed the number of allowances claimed for Federal purposes.

3. FICA Taxes
   Commonly referred to as Social Security Taxes, this item must be withheld
   from wages paid all employees with the exception of monies paid to (1)
   students, and (2) certain non-resident aliens. FICA tax is comprised of two
   parts: Social Security and Medicare. Social Security is withheld at a rate of
   6.20% until the employee's taxable base reaches an established limit. The
   taxable base limit for Social Security for each calendar year is available at
   http://busfinance.admin.sc.edu/payroll/. Medicare is withheld at a rate of
   1.45% on of all wages.

4. South Carolina Retirement or Optional Retirement Program
   South Carolina Retirement or Optional Retirement contributions are withheld
   from wages paid to a USC employee unless he/she is (1) primarily a
   student, (2) considered to be employed in non-permanent position and does
   not have an account with the South Carolina Retirement System and elects
not to be a member, or (3) a member of the S.C. Police Retirement System. A new employee has a choice of the two retirement plans if he/she does not have an established account with the South Carolina Retirement System. See http://www.retirement.sc.gov/employers/default.htm for current rate of withholding. As of July 1, 1982 retirement contributions are exempt from Federal income tax withholding. Additionally, as of January 1, 1985 such contributions are excluded from South Carolina taxable gross income.

5. South Carolina Police Officers Retirement
Full-time employees engaged in law-enforcement work contribute to a separate retirement system. All wages paid these individuals are subject to a withholding rate as established by the South Carolina Retirement System. (See http://www.retirement.sc.gov/pors/default.htm) The same Federal and State tax exemptions as stated in item 4 above are applicable to Police Officers Retirement.

6. Federal and State Tax Liens
In cases where either the Internal Revenue Service or the S.C. Tax Commission has levied against an employee's wages, the Payroll Department is required to withhold in accordance with terms set forth on the levy document. The IRS and S.C. 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 a certain deduction be made from an employee's pay, with subsequent remittances of the funds to be forwarded to the court, such deductions will be made until the order is rescinded.

B. Optional Payroll Deductions

1. The University of South Carolina has many optional deductions available for our employees. A listing of the deductions is available at http://busfinance.admin.sc.edu/payroll/

2. Tax Sheltered Annuities
   a. A list of companies authorized to sell tax-sheltered annuities to USC employees is also available at http://busfinance.admin.sc.edu/payroll/
   b. To add another tax-sheltered annuity carrier to the above list requires at least ten (10) participants in each new plan, with a minimum contract of at least $25.00 per employee per month. A new carrier must submit a written request to provide services to the Director of Payroll prior to enrolling ten participants. In addition to the letter, the carrier should provide financial statements for review.
c. The University does not endorse or recommend any particular company or particular group of companies over any other company or group of companies.

d. Any agent inferring said endorsement of a particular plan by USC is guilty of ethical misconduct and should be reported to the Director of Payroll or the S. C. Insurance Commission for appropriate action.

e. 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, shall be deleted from said list and must re-qualify according to section b. above to be re-approved.

IV. Reason(s) for the most recent policy change.

These changes reflect changes in retirement contribution rates due to State regulations and deduction offerings.

Send Comments to Pam Cope