



Muskegon Heights Public Schools

2603 Leahy Street • Muskegon Heights, MI 49444 • Phone 231-830-3221 Fax 231-830-3560

February 9, 2018

Muskegon Heights Public Schools (MHPS) is sending you this communication to update previous district employees on where we are in the process of refunding the Healthcare Contribution amounts deducted from employee paychecks between 2010 and 2012.

Currently, we are in the process of collecting employee information, coordinating timelines, consulting with our attorney, reviewing tax implications, and performing many other tasks in order to assist us in issuing these refunds timely and accurately. This has been a fairly large undertaking for the district with a relatively short turnaround time and limited resources.

You may have heard that some employees from other districts will be receiving their refund as early as the end of February. While this is true, it's important to note that these refunds are coming to employees who are *currently* employed with those districts. Processing their refund is much more simple and straightforward in terms of taxation and there is no need to collect current contact information as these items are already be on file with their current district.

This, however, is not the case for MHPS as virtually all of the refunds we must process are for "inactive" district employees. Due to the fact that 99% of our district's previous employees no longer worked for the district after 2012, we need to collect new contact information. We are also unable to apply the 22% flat income tax rate to these refund distributions per IRS regulations. We must apply income tax deductions based off of W-4 records. The good news is we already deducted and paid FICA (Social Security and Medicare) charges on these refund amounts.

To better assist our previous employees, we have decided to allow previous employees the opportunity to complete new federal, state, and local W-4 forms. We will send blank W-4 forms to all employees that have an email address on file with the district and also put these blank forms on the district website. Federal and state forms are in a PDF fillable format, but local (Muskegon Heights) forms are not. Due to processing and time constraints, we are asking that all previous employees either email these completed and signed (invalid until signed) forms to refund@mhpsnet.org or fax them to 231-830-3560 by **March 1, 2018**. We will also accept hand delivery, but previous employees must contact us at 231-830-3221 to coordinate a delivery time. **Please do not send via regular mail.** If revised W-4 forms are not received by this date, the district will apply the most current W-4 information on file within our payroll system to these refunds. Please keep in mind that if the exemptions listed on the state MI-W4 form are 10 or greater, we are required to file this form with the Michigan Department of Treasury.

The district will **only** be issuing checks and associated W-2s (at year end) for these refunds. We **will not** be contributing these refunds to 403b accounts, HSA accounts, Section 125 plans, or any other type of savings/investment accounts on the previous employee's behalf as the district is not obligated to do so.

Here is our proposed timeline for distributions and other important dates. Please keep in mind that these dates may change, but this is our goal.

- February 9, 2018 – Email sent to previous employees with email address on file with MHPS. Materials sent in email will also be posted to MHPS website.
- March 1, 2018 – All income tax forms (federal, state, and Muskegon Heights) due back to district via fax at 231-830-3560 or email at refund@mhpsnet.org.
- March 9, 2018 – Employee must contact MHPS by this date via email at refund@mhpsnet.org as to whether or not they will be physically picking up their check or if they want it mailed. If the district does not receive an email indicating whether or not they will pick up the check, it will be mailed to last known residence on file with the district.
- March 16, 2018 – District will distribute refund checks to inactive employees.

Refunds to deceased employees will be handled on a case by case basis and will take longer to process. We do not have a definitive timeline on these distributions as of the date of this communication.

It is our goal to distribute these funds to previous employees in a reasonable and timely manner. If you have any questions about this communication or need clarification, please feel free to email the district at refund@mhpsnet.org or contact us by phone at 231-830-3221.