

Employee Compensation by Annualized Election

The Madison 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

Madison School District employees 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 and 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 of the election is made. If an employee elects health insurance, they are automatically put on annualized election.

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"

Policy History:

Adopted on: December 15, 2016

Revised on:

(This policy is for informational purposes. If you have any questions regarding the IRS Rule, annualized elections or any other accounting issues, please contact the District's tax advisor or legal counsel.)