



January 19, 2018

The following letter was mailed to all recipients on January 22, 2018.

Dear Employee:

On December 20, 2017, we received the following message from the Michigan Office of Retirement Services (ORS):

"The Supreme Court has ruled that PA 75 of 2010, which was in effect from July 2010 until September 2012 and mandated that members contribute 3% of their compensation to the Retiree Healthcare Fund, is unconstitutional and that member contributions (which are currently being held in escrow) shall be refunded to members. ORS is working to implement the Supreme Court's decision and return contributions to the school districts where the contributions were withheld. These refunds will be issued to members through the school districts. Additional information will be provided to members and school districts regarding the timing and amounts of forthcoming refunds as soon as it becomes available."

As promised, ORS sent school districts their data files last week. We are working to ensure the accuracy of the data contained in the file we received. Below is the information that **ORS** provided us relating to **your** refund.

Full Name:
Pension System Status:
Amount Deducted For 3% Health Contribution:
Interest Due:
Total Amount Due (Gross):
Mailing Address:
Email Address:
Phone Number:

Please review your information above carefully. You will be required to confirm that this information is correct or provide notice of changes needed before 4:00p.m. on Friday, February 2, 2018.

Our goal is to issue your refund as quickly as possible; however, we must wait for official guidance from external parties (State of Michigan, IRS, auditors, and legal counsel) to make sure the refunds are processed in compliance with applicable withholding and reporting regulations. Consequently, refunds may take as long as 60-90 days from the time we receive the funds from ORS, which we have not yet received.

Additional information you need to know...

- We anticipate that your refund will be treated as taxable income for the 2018 calendar year and will be subject to income taxes (Federal and State) as well as FICA taxes. So, the amount shown above is your GROSS amount, before taxes are withheld.
- If you no longer live in the State of Michigan, you will still have Michigan income tax withheld because this is income earned in the State of Michigan.
- Everyone receiving this refund will be receiving a W2 from Charlotte Public Schools in January 2019. Therefore, if your address changes during the year, please make sure to contact us.
- At this time we are waiting for guidance on what tax rate to use for federal withholding since the tax law has changed for 2018 and the majority of refunds are for staff no longer employed with the district (remember, this is from 7 years ago).

- We will be issuing all refunds as a payroll check. If you are currently employed at CPS, please know that this will be separate from your normal payroll check.
- We will only be issuing payroll checks, no direct deposit.
- We will not be allowing any tax deferrals from this check (no transfers to HSA or 403b, etc)
- We are expecting final guidance within the next 2-3 weeks so we can start preparing payroll files.
- We will be mailing checks to anyone no longer employed at CPS and we will be disbursing checks on site for anyone still employed at CPS.
- A refund check will not be released without notification from you regarding your address.

As a reminder, your next steps are...

1. Tell us that your contact information is correct OR submit any changes by completing the attached form or emailing your information to CPSHR@charlottenet.org. **Please note that this applies to current employees as well.** We have noticed that some of the addresses provided by ORS are different than what is in our payroll system.
2. Provide proof of address change (valid driver's license or state issued id) or name change (social security card) with the attached form.
3. Visit our website at www.charlottenet.org/human_resources.html for updated information and a link to the FAQ document prepared by ORS.

If you have any further questions that we have not satisfactorily addressed above, please email us at CPSHR@charlottenet.org and we will do our best to share with you what we know. Please understand that this is the best information that we have available at this time. We thank you in advance for your patience.

With Warm Regards,

Michelle M. Sine

Michelle M. Sine, CFO
Executive Director of Business, Operations & Human Resources
Charlotte Public Schools