

# Hot Off The Press

## Fiscal Year 2008 Changes

Effective with the first payroll in September 2007, two new deductions (MSP and LEAV) were created. In addition, the Tax Levy (LEVY) deduction rules changed. Employer payment amounts have also been updated for TRS, ORP, UCI, and WCI.

## Medical Supplement Payment (MSP) Details

There are three MSP rates for SGIP eligible employees:

1. 15.26 for all Full Time Employees
2. 7.63 for all Part-time employees
3. 7.19 for those who have Employee only coverage on the A&M Care 1250 plan

MSP will mirror the Medical Employer Payment and be calculated once a month for both biweekly and monthly employees. The MED employer payment and the MSP employer payment will be displayed as separate deductions on the Payroll Maintenance (500) Screens. The Medical Employer Payment Amount on Screen 106 includes both the State GIP amount and the MSP amount. For example, the \$375.94 employer payment amount for carrier 01 employee only coverage includes \$360.88 SGIP and \$15.26 MSP. This is also true for the MTD employer payment amount and FYTD employer payment amounts shown on Screen 130. However, the two payment amounts will be maintained separately in Payroll History for accounting purposes.

When payroll is calculated, the medical employer payment amount from Screen 106 will be split and stored separately on payroll history as MED and MSP employer payment amounts. Like the MED employer payment amount, the MSP employer payment amount will be prorated among payroll sources. MSP will automatically 'catch up', in the same manner as the medical premium, when the premiums are past due. When entering payroll adjustments/corrections, the MSP amount will have to be **manually calculated**, based on the employee's SGIP eligibility and type of medical coverage. Once the MSP amount has been determined, **it must be subtracted from the total employer payment amount** shown on Screen 106 to arrive at the MED employer payment amount. These are the amounts you will need to enter **under the MED and MSP deduction employer payment amounts** in Payroll Maintenance. Any corrections done to fiscal years prior to 2008 will not have the MSP portion.

Effective September 21<sup>st</sup>, 2007, the MSP amount will be calculated for retirees in the Billing System. The billing month end process (BILL0007 – BP7504) will calculate MSP for all those being billed for their medical insurance. The Billed Medical Employer Payment Amount on Screen 641 will be divided by the Medical Employer Amount shown on Screen 106 to determine the number of premiums being billed. If two months of medical premiums are billed, two months of MSP will be calculated. For accounting purposes, the MSP amount is separated from the SGIP amount, similar to the payroll deduction process.

## LEAV Details

The LEAV employer payment is calculated based on a percentage chosen by each TAMU System member. Faculty and staff may have different percentages. The LEAV employer payment will be prorated across multiple sources and is only calculated on vacation eligible employees. Employees who are less than 50 percent effort, grad students, and faculty with a less than 12 month appointment are not vacation eligible and are thus excluded from the LEAV employer payment calculation. Also excluded are pay types 'D', 'U', and 'V', and object classes '1770' and '1940'. The LEAV employer payment is considered a benefit and does have an entry on the BPP Accounting Analysis table.

## Tax Levy Withholding Changes

It was recently brought to our attention that according to IRS Form 668-W, the employer must continue to withhold and make levy payments until it receives Form 668-D, *Release of Levy/Release of Property from Levy*, from the IRS. This means the employer may not stop withholding when the payments match the total due the IRS stated on the front of Part 1 of Form 668-W. Withholding must continue because interest and possible penalties continue to accumulate on the amount remaining due after each levy payment is made. Form 668-D will contain the final amount due and release the employee's wages from levy after that amount is paid. When the total face amount due has been withheld and paid, the employer or the employee should contact the IRS if a form 668-D has not been received.

The BPP Payroll Calculation process has been modified accordingly to ignore the tax levy cutoff amount on Screen 127 and to continue taking the deduction until it is turned off.

Please contact [bpphelp@tamu.edu](mailto:bpphelp@tamu.edu) with problems or questions.