

Notice of Salary Payments for Ten-Month Employees

(This form should be used by districts who choose to offer the annualized election to employees.)

WRITTEN NOTICE OF HOW 10-MONTH EMPLOYEES ARE TO BE PAID

[The school district may provide a copy of this document before the beginning of the work period for the 2008-2009 school year to all school employees who work less than 12 months and are required to be paid over 12 months.]

This letter notifies _____ [name of school employee] that Teton School District requires that I be paid my annual salary over 12 months regardless of the fact that I will actually work over a shorter time period. Specifically I will receive *[school district will choose one]*:

- _____ 12 equal monthly payments of \$_____ [dollar amount of each payment] beginning on _____ [date]
- _____ 24 equal bi-monthly payments (or 26 equal payments every two weeks) of \$_____ [dollar amount of each payment] beginning on _____ [date]
- _____ Equal monthly payments of \$_____ [dollar amount of each payment] beginning on _____ [date], or on the date specified in any applicable collective bargaining agreement, with a final single lump sum payment of \$ _____ [dollar amount of the lump sum payment] in June encompassing all remaining payments due for June, July, and August or the final 3 months of the 12-month payment period
- _____ Equal bi-monthly payments \$_____ [dollar amount of each payment] beginning on _____ [date], or on the date specified in any applicable collective bargaining agreement, with a final single lump sum payment of \$ _____ [dollar amount of the lump sum payment] in June encompassing all remaining payments due for June, July, and August or the final 3 months of the 12-month payment period

[If the employer or the collective bargaining agreement allows, the employee may have other options for how the salary will be paid out, and the written notice should be drafted to permit the employee to elect to utilize these options.]

If I am scheduled to receive payments in a form that includes a lump sum payment in June encompassing all remaining payments due for June, July, and August or the final three months of the 12-month payment period, the employer shall retain full discretion to pay the amount of this

lump sum in the form of equal monthly or bi-monthly payments over the final three months of the 12-month payment period.

In the event a separation from service occurs before the end of the 12-month payment period, I will be entitled to an additional payment for the amount I have actually earned from the beginning of the 12-month pay period until the date of my separation from service, but which has not yet been paid. This additional payment will be included in my final paycheck. For this purpose, "separation from service" shall have the same meaning as that term is defined in section 1.409A-1(h) of the Treasury Regulations.

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: August 10, 2009

Revised on: May 17, 2010

(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.)