

Employee FRS Contributions & Late Start of School Year Impact 2011 W-2

W-2 forms reflect actual employee earnings within a given calendar year for tax purposes. Reported W-2 earnings can vary from an employee's contracted annual salary for a number of reasons. Earnings related to supplements, bonuses, extra work performed, summer school and the like can fluctuate from calendar year to the next. For 2011, there are two additional factors to consider.

Employee FRS Contribution State Mandate

Effective July 1, 2011, the Florida Legislature and Governor mandated that all employees in the Florida Retirement System (FRS) contribute 3% of their salary to the pension plan. Employees' FRS contributions are taken on a pre-tax basis and impact the earnings reported in Box 1 of your W-2.

Late Start for 2011-12 School Year

The late start of the 2011-12 school year impacted the number of checks received within calendar year 2011 for some employee groups. All employees are fully paid for each contract or school year worked. However, the late start led to one fewer check within calendar year 2011 for many employees. For example, teachers on a 26 pay calendar received 25 paychecks within 2011. Receiving one less check in 2011 is a result of the change to the school calendar. Only the timing of pay checks is impacted. Teachers will be fully paid and receive their 26th paycheck for the 2011-12 school year on August 17, 2012. A detailed explanation on the pay calendar issue follows.

The Florida Legislature enacted a law [FS 1001.42(4)(f)] a few years ago that requires students begin the school year no earlier than fourteen (14) days before Labor Day. This legislation took effect for the 2007-08 school year and Palm Beach County received a waiver the past few years as either a charter district or high performing district. For the 2012 school year, the charter district pilot expired and Palm Beach County no longer qualified as a high performing district.

Therefore, the School District legally had no choice but to begin school no earlier than two weeks before Labor Day for the 2012 school year. Since students began school on Monday, August 22, 2011, 196 Duty Day Teachers reported to work on Tuesday, August 16, 2011. This later start time similarly impacted the contract start date for other employee groups.

The majority of our teachers elect to receive their pay over 26 bi-weekly checks. For 26 pay teachers, the last paycheck for the 2010-2011 school year occurred on August 5, 2011. As a result of the later start for the 2011-12 school year, teachers did not have a scheduled work day within the pay period (7/30/11 to 8/12/11) for the August 19, 2011 payroll. Therefore, their first pay date for the 2011-12 school year would have fallen on Friday, September 2, 2011. In order to provide employees with two paychecks within the month of August, the district and CTA agreed through a memorandum of understanding (MOU) to move the first pay date for the 2011-12 school year up to Wednesday, August 31, 2011. Thereafter, the next paycheck was on September 16, 2011 and paychecks for the balance of the 2011-12 school year have been and continue to be paid every other Friday with the last check for 26 pay teachers occurring on August 17, 2012.

While the shift to receive the check on August 31st minimized the gap it nevertheless resulted in one less paycheck during the 2011 calendar year. Therefore, this is evident in the earnings totals for the 2011 calendar year and is reflected in Box 1 of an employee's form W-2.

To assist with understanding the impact of the shift to both calendar year and school year paychecks, the district produced a comprehensive document, which is attached, and which outlines the paycheck dates spanning multiple years.

Earnings may vary from Contracted Base Salary

Again, employees should be mindful that the amount in Box 1, Taxable Wages, does not reflect a school year salary; instead it reflects the total of all earnings paid within any calendar year. This may include but not be limited to supplements, bonuses, extra work performed, and summer school earnings. These payments often vary from one calendar year to the next. As explained in the 'Frequently Asked Questions' document that accompanied W-2 forms, Box 1 of your W-2 is also reduced by pre-tax deductions. These deductions include:

- Box 14V - **Employee contributions to the Florida Retirement System (FRS) – this is new for 2011**
- Box 12E - Employee contributions to a 403(b) account (TSA/TSM)
- Box 14W – S125 - Medical, Dental or Vision premiums – also reduces amounts in Box 3 and 5
- Box 14W – S125 - Flexible Spending Accounts for Health or Dependent Care (FSA) – also reduces amounts in Box 3 and 5

A copy of the 'Frequently Asked Questions' document is also attached for your reference.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
Multi-year Comparison of Teacher Pay Calendars
(196 duty day, 26 pay teachers)

Teachers are paid in full each contract year for 196 duty days of service. Teachers electing 26 pays receive 26 paychecks for each contract year. The timing of these pay dates is influenced by the school calendar and respective contracted duty days. The number of paychecks within a given calendar (tax) year is subject to variation as a result of changes to the calendar.

Contract Year 2009-10			Contract Year 2010-11			Contract Year 2011-12			Contract Year 2012-13		
(Tchrs Begin 8/XX/09, End 6/X/10)			(Tchrs Begin 8/11/10, End 6/3/11)			(Tchrs Begin 8/16/11, End 6/8/12)			(Tchrs Begin TBA, End TBA)		
Check #	Check #	Pay	Check #	Check #	Pay	Check #	Check #	Pay	Check	Check #	Pay
Contract	Tax Year	Date	Contract	Tax Year	Date	Contract	Tax Year	Date	Number	Tax Year	Date
1		8/21/2009	1	17	8/20/2010	1	17	8/31/2011	1	18	8/31/2012
2		9/4/2009	2	18	9/3/2010	2	18	9/16/2011	2	19	9/14/2012
3		9/18/2009	3	19	9/17/2010	3	19	9/30/2011	3	20	9/28/2012
4		10/2/2009	4	20	10/1/2010	4	20	10/14/2011	4	21	10/12/2012
5		10/16/2009	5	21	10/15/2010	5	21	10/28/2011	5	22	10/26/2012
6		10/30/2009	6	22	10/29/2010	6	22	11/11/2011	6	23	11/9/2012
7		11/13/2009	7	23	11/12/2010	7	23	11/25/2011	7	24	11/23/2012
8		11/27/2009	8	24	11/26/2010	8	24	12/9/2011	8	25	12/7/2012
9		12/11/2009	9	25	12/10/2010	9	25	12/23/2011	9	26	12/21/2012
10		12/25/2009	10	26	12/24/2010	10		1/6/2012	10	1	1/4/2013
11	1	1/8/2010	11	1	1/7/2011	11		1/20/2012	11	2	1/18/2013
12	2	1/22/2010	12	2	1/21/2011	12		2/3/2012	12	3	2/1/2013
13	3	2/5/2010	13	3	2/4/2011	13		2/17/2012	13	4	2/15/2013
14	4	2/19/2010	14	4	2/18/2011	14		3/2/2012	14	5	3/1/2013
15	5	3/5/2010	15	5	3/4/2011	15		3/16/2012	15	6	3/15/2013
16	6	3/19/2010	16	6	3/18/2011	16		3/30/2012	16	7	3/29/2013
17	7	4/2/2010	17	7	4/1/2011	17		4/13/2012	17	8	4/12/2013
18	8	4/16/2010	18	8	4/15/2011	18		4/27/2012	18	9	4/26/2013
19	9	4/30/2010	19	9	4/29/2011	19		5/11/2012	19	10	5/10/2013
20	10	5/14/2010	20	10	5/13/2011	20		5/25/2012	20	11	5/24/2013
21	11	5/28/2010	21	11	5/27/2011	21		6/8/2012	21	12	6/7/2013
22	12	6/11/2010	22	12	6/10/2011	22		6/22/2012	22	13	6/21/2013
23	13	6/25/2010	23	13	6/24/2011	23		7/6/2012	23	14	7/5/2013
24	14	7/9/2010	24	14	7/8/2011	24		7/20/2012	24	15	7/19/2013
25	15	7/23/2010	25	15	7/22/2011	25		8/3/2012	25	16	8/2/2013
26	16	8/6/2010	26	16	8/5/2011	26		8/17/2012	26	17	8/16/2013

2010 Tax Year

2011 Tax Year

2012 Tax Year

FREQUENTLY ASKED QUESTIONS – 2011 W-2 FORM

Why aren't the total WAGES on my W-2 Form equal to my annual salary (contract amount)?

The wages on your W-2 Form in Boxes 1, 3 and 5 are reported on a calendar-year basis. Your annual salary (contract amount) is paid to you over a fiscal year (July 1 through June 30), so the two figures will rarely be identical.

What impact do pre-tax deductions have on the WAGES reported on my W-2 Form?

For tax purposes, your wages are reduced by non-taxable items such as Medical, Dental and Vision Insurance, Flexible Spending Accounts (Medical and Dependent), TSAs and TSMs, FRS Contributions, etc. For example, if your gross wages for the calendar year are \$10,000 and you had \$300 deducted from your pay in one of the above categories during the year, your W-2 wages in Box 1 would be \$9,700. Taxes are applied only to the \$9,700. The \$300 would be shown separately on your W-2 Form in Box 12 or Box 14.

What does "S-125" represent in Box 14?

This amount represents pre-tax deductions you paid for Section 125 Medical, Dental or Vision coverage and/or Flexible Spending Accounts. They are considered "other pre-tax deductions" for many Web-based tax filing programs. If you add the amounts in Box 1, Box 12 plus Box 14, you should total the actual wages paid to you from all checks you received during the calendar year.

What does FRS 414(h) represent in Box 14V?

This amount represents pre-tax deductions you paid for Florida Retirement System contributions. For most software and web-based tax filing programs, they are considered "other pre-tax deductions".

The WAGES in Box 3 (Social Security) and Box 5 (Medicare) are the same. Why are the WAGES in Box 1 different?

Section 125 deductions are exempt from Social Security, Medicare and Federal Withholding taxes while deductions for TSAs and TSMs and FRS Contributions are exempt only from Federal Withholding tax. As a result, the wages subject to each will vary.

Why is the amount in Box 1 of this years' W-2 Form less than last year's Box 1 amount?

You may have earned wages in calendar year 2010 that you did not earn in 2011, for example, extra duty days, summer school pay, bonuses, more overtime, etc. Also, you may have changed your pre-tax deductions, so compare the amounts in Box 12 and Box 14.