



New Jersey Schools Insurance Group
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Board of Trustees Meeting May 20, 2020
Action Item – First Reading
Policy #6250 – Educational Assistance Plan Policy

Please find the attached NJSIG Policy #6250 – Educational Assistance Plan Policy. The attached plan was updated to reflect Internal Revenue Code Section 127 compliance. Please present all questions, comments and/or revisions at the meeting.

Resolution: Accept or revise the attached Policy #6250 as the first reading of these policy change(s).

Michele Carosi
Chief Financial Officer

NJSIG Policies

Adopted: 05/91

Index #: 6250

Amended: 01/02, 06/12, 06/19

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Reviewed: 03/12, 03/19, 05/19, 05/20

TUITION EDUCATIONAL ASSISTANCE PLAN POLICY

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The Plan

NJSIG's Educational Assistance Plan (the Plan) provides full-time NJSIG employees the benefit of reimbursement for certain educational costs ~~according to the Internal Revenue Code Section 127.~~ This policy (~~#6250~~) serves as NJSIG's formal written plan, setting forth the terms and intent of the Plan.

Employment Status

Employees qualify for the Plan only if they are current, full-time NJSIG employees, and only after they have been employed by NJSIG for at least one year. Terminated or retired employees, current employees on a performance improvement plan, and spouses or dependents of NJSIG employees are not eligible for reimbursement under this Plan.

Employees ~~may take courses of instruction are eligible for reimbursement under this Plan~~ only during active employment. Employees must be active at the time the course is taken and at the time of reimbursement. The employee must obtain the Executive Director's ~~(ED)~~ written permission to take courses during an approved leave of absence. Employees who voluntarily withdraw from a course or are discharged from a course for cause are not eligible for reimbursement under this Plan.

If an employee leaves NJSIG voluntarily prior to twelve (12) months after receipt of reimbursement under this Plan, the employee must reimburse NJSIG the full amount paid to the employee under this Plan in the previous twelve (12) months.

Plan Benefits

The total annual Educational Assistance Plan amount available for reimbursement to all NJSIG employees will be established in NJSIG's annual budget, which will be approved each fiscal

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year by NJSIG's Board of Trustees ~~in an open public meeting.~~ ~~In the event that employee requests for reimbursement would exceed the annual amount budgeted for educational assistance, no further reimbursement shall be available that year, unless specifically approved by the NJSIG Board of Trustees.~~ Reimbursement is on a first-come, first-served basis. NJSIG employees shall share in the Plan's total annual budgeted funds on a rolling basis until the Plan's total annual budgeted amount is paid out. ~~In the event that employee requests for reimbursement would exceed the annual amount budgeted for educational assistance, no~~ No further reimbursement shall be available in excess of the budgeted amount for that given fiscal year, unless specifically approved by the NJSIG Board of Trustees.

The maximum reimbursement available to a single NJSIG employee per calendar year shall be commensurate with that amount excludable from gross income, for that calendar year, under Section 127 of the Internal Revenue Code. According to the current Section 127 of the Internal Revenue Code, an employee may receive covered educational expense reimbursements up to \$5,250 under this Plan as tax free fringe benefits and will not be included as income on their W-2 wage statement. As such, NJSIG will reimburse an employee no more than \$5,250 in one calendar year for qualified educational programs. Should there be an increase or decrease to the \$5,250 ceiling due to an IRS law change, this NJSIG Educational Assistance Plan automatically adopts the new ceiling on its effective date.

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Plan Termination

NJSIG reserves the right to change or terminate the Plan without prior notice at any time. If NJSIG does end the Plan, NJSIG will reimburse all qualifying courses in progress, in the amount(s) and manner outlined herein, prior to termination of the Plan. ~~NJSIG#~~ will not reimburse any employee for any classes that begin after Plan termination ~~and notification of the employee.~~

Funding

NJSIG will pay educational benefits out of its general assets and cash funds. NJSIG does not maintain a special fund to cover the educational benefits of this Plan. NJSIG does not require employees or participants to contribute to their tuition as a condition of receiving the benefits of this Plan.

Prohibited Payments

This Plan prohibits payment of more than 5 percent of the amounts paid or incurred by NJSIG for educational assistance during the year for ~~the any~~ class of individuals who are shareholders or owners (or their spouses or dependents), each of whom (on any day of the calendar year) owns more than 5 percent of the stock, capital, or profits interest in NJSIG.

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After application of the previous sentence, this Plan then further prohibits payments to those in the highly compensated group when such payments violate the discrimination clause as set forth in IRC 127(b)(3).

Prohibited Choices

This plan prohibits NJSIG from offering eligible employees a choice between educational assistance and any other form of compensation or benefit.

Covered Educational Expenses

NJSIG will only reimburse tuition costs under this Plan for coursework taken at either (1) an in-State institution of higher education that is licensed by the Commission on Higher Education, or (2) an out-of-State institution of higher education that is licensed by the appropriate state agency and regionally accredited or seeking accreditation by the appropriate accrediting body recognized by the Council on Postsecondary Education or the United States Department of Education. This Plan only reimburses costs for tuition, fees and books, supplies and equipment necessary for college and/or university classes for undergraduate and graduate-level courses. The Plan does not reimburse costs for late fees, interest, parking fees, tools or supplies that the employee may keep after the course is completed, meals, lodging, living expenses, or transportation. The Plan does not reimburse costs for any education that involves sports, games or hobbies.

Reimbursement requests cannot substantially deviate from the total expected reimbursement amount identified in the employee's initial request under this Plan (see below, Notification to Employer). NJSIG reserves the right to reject reimbursement requests for amounts that substantially exceed the total expected reimbursement amount identified in the employee's initial request for educational assistance.

The course(s) entitled to reimbursement under this policy must be related to the employee's current or future job responsibilities at NJSIG and must provide knowledge or skills that will enhance the employee's contribution to NJSIG in either the employee's present or future position at or any other position in NJSIG. A grade of "C" or better must be attained in order to qualify for reimbursement benefits under the Plan.

Each course must be approved in writing, sixty (60) days prior to course registration, by the department manager and the Executive Director (or his/her Designee), for each individual request.

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Notification to Employer

Employees who plan to take advantage of the Educational Assistance Plan offered by NJSIG shall notify NJSIG in writing, no later than sixty (60) days prior to course registration, of the following with respect to the course(s) for which they plan to seek reimbursement: (1)

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executed acknowledgment of NJSIG's written Educational Assistance Plan, (2) course of study, (3) course description, (4) course dates and (5) total expected reimbursement amounts. The department manager and the ~~ED~~Executive Director, or his/her ~~Designee~~designee, must provide written approval to the employee that each course is eligible for reimbursement according to the Plan and that this cost is within the remaining annual Plan balance amount. The combined manager/~~ED and Executive Director~~ written approval (and any supporting documentation) ~~will~~shall be forwarded to the ~~CFO~~Chief Financial Officer for review and ~~insurance verification~~ that the employee ~~has~~would not exceed the \$5,250 IRS ceiling ~~and/or~~ that the requested reimbursement amount ~~does~~would not exceed the Plan's total annual budgeted amount. ~~The CFO/Chief Financial Officer will then forward the written approval to the employee, if both of these tests are passed/warranted. Failure to adhere to this process prior to course registration may disqualify the employee from tuition reimbursement.~~

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Reimbursements

Upon completion of the approved course(s), the employee ~~sh~~will provide the following to the department manager for manager approval, ~~which the manager shall then forward to the and then Executive Director for his/her Approval~~approval:

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- (1) The original manager ~~and~~& Executive Director written approval to register for the course(s);
- (2) The official transcript of grade(s), ~~showing a grade of "C" or better; and~~ ~~A grade of "C" or better must be attained in order to qualify for reimbursement benefits under the Plan.~~
- (3) The original receipt(s) for all items for which the employee ~~originally requested~~seeks reimbursements ~~from the Plan (see (1) above).~~

The ~~Executive Director~~ will review the above and, if warranted, forward final written approval and all supporting documents (listed in # (1) – (3), above) to the Chief Financial Officer (~~CFO~~). The ~~Chief Financial Officer~~CFO will then review all documents to insure that there are no overages in the Plan's balance. The ~~Chief Financial Officer~~ CFO will then forward documents to the ~~Senior~~ Payroll ~~&and~~ Benefits Specialist for reimbursement to the employee via NJSIG's payroll. NJSIG shall reimburse the participant via the payroll process within 30 days of the ~~Executive Director's written approval~~ submission of written approval to the ~~Chief Financial Officer~~CFO.

Failure to follow or adhere to this policy ~~and the written Plan specifications may jeopardize~~ tuition reimbursement and/or lead to result in disciplinary action ~~up to and including~~ termination.

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~~NJSIG employees may seek tuition assistance for an amount not to exceed the limitations set forth in the IRS regulations for employer tuition assistance for undergraduate and graduate level courses, in any fiscal year. To be eligible for tuition assistance, the course:~~

- ~~1. Must be undergraduate or graduate level;~~
- ~~2. Must be successfully completed with a grade of "C" or better;~~
- ~~3. Must provide knowledge or skills that will enhance the employee's contribution to NJSIG in either the employee's present position or any position in NJSIG, and each course must be approved in writing, prior to course registration, by the ED or his/her Designee, for each individual request.~~

~~The total amount to be reimbursed to staff under this policy in any year shall be established in NJSIG's budget for that year. In the event that requests for reimbursement would exceed the amount budgeted for tuition assistance, no further reimbursement shall be available that year, unless specifically approved by the NJSIG Board of Trustees. Those already enrolled shall share the available funds in proportion to the tuition cost.~~

~~Staff members seeking tuition assistance shall obtain written approval from their department manager sixty (60) days prior to the beginning of each course.~~

~~Department managers will forward approved tuition assistance requests to the ED.~~

~~Proof of successful course completion shall be required prior to reimbursement. Tuition assistance will be processed by the normal cash distribution methods.~~

~~All full time staff are eligible for this benefit.~~

~~Failure to follow or adhere to this policy may lead to disciplinary action up to and including termination.~~

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