

## USING YOUR PRATT INSTITUTE TUITION REMISSION BENEFIT FAQS

### **1. Is tuition remission taxable?**

Currently, each calendar year the first \$5250 of an employee's tuition remission (graduate, undergraduate and continuing education courses) is non-taxable. All tuition remission in excess of the \$5250 is considered income for tax purposes. This is an IRS regulation and is subject to change.

### **2. When you say *calendar year* do you mean the Institute's fiscal year, academic year or the regular calendar year?**

The *calendar year* refers to the January 1 to December 31.

### **3. If some of my tuition remission is taxable, how much tax will I pay?**

That is a question for you and your accountant to determine. It is based on the taxing agent (city, state, federal). The amount will be added to your income at Pratt and taxed based on your Pratt earnings for the calendar year. (Example: If you earn \$30,000 and take courses totaling \$9,000 in 2004. Since the first \$5250 is non-taxable, you will be taxed on \$3750. The \$3750 will be added to your income and your 2004 taxable earnings will be \$33,750.)

### **4. I have a spouse and child taking courses. Does this limit apply to them?**

The tuition for your dependent child is considered a non-taxable benefit at this time. However, the tuition for your spouse is taxable and will be added to your income, whether graduate or undergraduate. There is no exempt amount.

### **5. How do my dependents, spouse or I apply for tuition remission?**

A. Obtain the correct tuition remission forms from Human Resources.

B. After you have completed the registration process, fill out the tuition remission forms and obtain the signatures required.

C. Attach the *Registration Statement* to the tuition remission forms and hand deliver them to the Human Resources office.

### **6. Why can't I just mail them in?**

You may mail them in but if there are missing signatures, pages, etc., the Human Resources office will return them and cannot guarantee that the forms will be returned in time to be processed expeditiously. Also, we are not responsible for lost or misdirected forms.

### **7. When should I bring in the forms?**

Tuition Remission forms are DUE by the last day of the Add/Drop period of the semester in which you are taking classes.

### **8. What happens if I submit my tuition remission paperwork late?**

Human Resources has the right to deny any late Tuition Remission paperwork.

### **9. When will the tuition remission be processed?**

Approximately one (1) week before the end of drop/add, the forms are reviewed and checked against the COLLEAGUE database. Then the payment vouchers are prepared. During the week following drop/add the payment vouchers are approved by the director of HR and submitted to the Bursar's office to credit your account. Any late charges that appear as a result of this processing date are reversed.

### **10. Is there anything else I need to know?**

Yes. You are responsible for your fees. Also, you need to ensure that your health insurance is either paid or that you visit the Health and Counseling Services office to obtain a waiver. If the waiver is not granted early, you may still be responsible for the insurance as the Institute will have advanced the premium for you. *Note that the Health and Counseling office is not responsible for identifying employees, their spouses, or their dependent children who might be eligible for a waiver. That is your responsibility.*

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