

**Examples: Cash impact on employees who receive taxable employee tuition waivers**

<b>Scenario 1</b>			
Employee receives a tuition waiver for the <b>Spring Semester Only</b>			
Estimated value of employee tuition waiver posted to Spring Fee Bill	\$	6,500.00	
Nontaxable portion under Educational Assistance Program	\$	(5,250.00)	
Net taxable portion of employee tuition waiver	\$	1,250.00	
Taxable portion reported as additional taxable wages	\$	1,250.00	
<b>Tax withholding and retirement deductions:</b>			
Federal effective income tax rate - assumed	20% *	\$	250.00
CT effective state income tax rate - assumed	5.00% *	\$	62.50
FICA - Employee portion	7.65% *	\$	95.63
Retirement	8.00% **	\$	100.00
Total est. taxes/retirement due on taxable portion of the tuition waiver		\$	508.13
Out of pocket cost for Spring tuition without the waiver	\$	6,500.00	
Estimated taxes/retirement due on taxable portion of the tuition waiver	\$	508.13	
<b>Estimated Cash Savings</b>	<b>\$</b>	<b>5,991.88</b>	

<b>Scenario 2</b>			
Employee receives a tuition waiver for the <b>Spring and Fall Semesters</b>			
Estimated value of employee tuition waiver posted to Spring Fee Bill	\$	6,500.00	
Estimated value of employee tuition waiver posted to Fall Fee Bill	\$	6,500.00	
Nontaxable portion under Educational Assistance Program	\$	(5,250.00)	
Net taxable portion of employee tuition waivers	\$	7,750.00	
Taxable portion reported as additional taxable wages	\$	7,750.00	
<b>Tax withholding and retirement deductions:</b>			
Federal effective income tax rate - assumed	20% *	\$	1,550.00
CT effective state income tax rate - assumed	5.00% *	\$	387.50
FICA - Employee portion	7.65% *	\$	592.88
Retirement	8.00% **	\$	620.00
Total est. taxes/retirement due on taxable portion of the tuition waiver		\$	3,150.38
Out of pocket cost for Spring and Fall tuition without the waiver	\$	13,000.00	
Estimated taxes/retirement due on taxable portion of the tuition waiver	\$	3,150.38	
<b>Estimated Cash Savings</b>	<b>\$</b>	<b>9,849.63</b>	

\* The tax rates depicted are used for demonstrative purposes only. Each employee's actual tax rate will depend upon a variety of factors, including but not limited to, the Form W-4 submitted to the Payroll Department, the employee's net taxable income during the calendar year, and the employee's filing status.

\*\* The retirement contribution rate depicted here is used for demonstrative purposes only. Each employee's actual rate is dependent upon their retirement plan election and whether they contribute to the Retirement Health Fund.