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ANN ARBOR PUBLIC SCHOOLS

3% MPSERS Refund Plan Update February 22, 2018

Ann Arbor Public Schools has received updated information on how to distribute the funds due employees as a result of the Michigan Supreme Court ruling on the 3% MPSERS Refund case. AAPS has received guidance on distributing the funds from the 1022 Accounting Manual Committee, which is comprised of members from MDE, ORS, Treasury, Michigan School Business Officials, and CPA firms based on interpretation of IRS regulations.

For Active Employees:

Active employees will receive payment on March 9, 2018. These funds will be taxed for FICA taxes at 7.65%, a flat rate of 22% for federal taxes, and a flat rate of 4.25% for state taxes. This payment will be included on employees 2018 W-2 Forms and will not require corrections of W-2 Forms from 2010-2012.

With this additional one time payment, active employees who worked for Ann Arbor Public Schools between 2010 and 2012 can expect four payments in March. Regular Payrolls on March 2, 16, 30, and this refund on March 9.

For Inactive AAPS Employees:

The Office of Retirement Services has supplied Ann Arbor Public Schools with contact information for these former employees. If you have not received communication from ORS on your refund AAPS likely has not received current contact information.

Ann Arbor Public Schools will contact inactive employees to get direct deposit information and current W-4 Forms in March. Inactive AAPS employees that have returned W-4 Forms and provided a direct deposit by April 13, 2018 will receive payment on April 20, 2018. Inactive employees can receive a paper check if no direct deposit information is provided, but this will delay the payment. AAPS expects to make additional payments on May 18 for individuals that complete forms by May 11, and on June 15 for completed forms provided by June 8.

These funds will be taxed for FICA taxes at 7.65%, an aggregate method for Federal taxes, and a flat rate of 4.25% for state taxes. This payment will be included on 2018 W-2 Forms and will not require corrections of W-2 Forms from 2010-2012.

For Deceased Employees:

These payments will be made on a case-by-case basis depending on the deceased employee's will, estate, or trust. These payments will be paid via accounts payable not payroll and payments will be made upon resolution of all outstanding matters.