

# Payment Award Form

Congratulation on your award. As you may know, the honor includes a cash award. The Internal Revenue Service requires WSU to collect and report payroll taxes on awards.

There are three options open to you:

1. WSU can issue you a payment for the award minus payroll taxes. The payment will be included on your W-2 form at year end. A separate payment will not be created for the award payment. It will be included with your other gross to net pay and be distributed through regular means.\*\*

Taxes required to be withheld from the gross award payment are:

- Social Security Taxes at current calendar year rates.
- Federal and State taxes will be computed on your total regular gross earnings plus the award payment. Therefore, it could place you in a higher tax bracket for the pay period.
- The award payment is not subject to TSA mandatory retirement.
- The award payment is subject to KPERS retirement program. (if award payee is actively contributing to KPERS retirement)

2. WSU can deposit the award in an account in the Foundation for your professional development. As you incur professional expenses, you can submit the receipts to the Foundation and they will reimburse you up to the amount of the award. These funds are to be used by the end of the next Academic Year. You do not pay payroll taxes if you expend the award in this manner.

3. WSU can transfer the award to your college or department for its use. You do not pay payroll taxes if you use the award in this manner and, per IRS regulations, the transfer is not a charitable contribution.

Option for Payment (select one):

1. WSU can issue you a payment for the award minus payroll taxes
2. WSU can deposit the award in an account in the Foundation for your professional development
3. WSU can transfer the award to your college or department for its use

Employee Name: \_\_\_\_\_

Employee myWSU ID: \_\_\_\_\_

Amount of Award: \_\_\_\_\_

Date: \_\_\_\_\_

Department Name: \_\_\_\_\_

Department Head Approval: \_\_\_\_\_

Department responsibilities & copy distribution:

- Keep one copy of this letter for your files
- Give recipient of award one copy
- Send the form to Academic Affairs Box 13 and Payroll Office Box 38

\*\* If Option 1 (payment) is selected, an additional compensation epaf will need to be processed with a dedicated "award position", with departmental approvals for the funding source and will be routed for appropriate electronic approvals.

If the funding source is the Foundation or the Board of Trustees, obtain a check from them and deposit the check to the appropriate WSU RU funding source of the payment. This will reimburse the fund with the outside payment.