



Kenton County School District | *It's about ALL kids.*

**THE KENTON COUNTY BOARD OF
EDUCATION**

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Dr. Henry Webb, Superintendent of Schools

KCSD ISSUE PAPER

DATE:

February 21, 2020

AGENDA ITEM (ACTION ITEM):

Consider/Approve: Approval of the Tax Services Agreement with The Hartford Ins. Co.

APPLICABLE BOARD POLICY:

01.1 Legal Status of the Board

HISTORY/BACKGROUND:

The Hartford Co. provides a Long Term Disability insurance policy to district employees as one of the optional benefits available through the district's Section 125 cafeteria plan. Employees who choose to participate pay the premium costs with post-tax income and all disability benefits are 0% taxable.

The Tax Services Agreement details the tax reporting responsibilities for the district and The Hartford in administering this policy and benefits.

FISCAL/BUDGETARY IMPACT:

\$0

RECOMMENDATION:

Approval of the Tax Services Agreement with The Hartford Ins. Co.

CONTACT PERSON:

Susan Bentle

Principal



District Administrator



Superintendent

Kenton County Board of Education

Board Members: Carl Wicklund, Chairperson Karen L. Collins, Vice Chairperson Carla Egan Shannon Herold Jessica Jehn
"The Kenton County Board of Education provides *Equal Education & Employment Opportunities.*"



Tax Services Agreement

Long Term Disability (LTD)

POLICYHOLDER/EMPLOYER NAME: Kenton County Board of Education

POLICY NUMBER: 879069

EFFECTIVE DATE OF REQUEST (current or future date only): 01/01/2020

A. Policyholder/Employer has provided the following information to The Hartford* regarding who bears the cost of premiums, whether the costs are incurred pre-tax or post-tax, and the taxability of benefits.

The following tax treatment applies to the following group of employees: ALL

- Employees pay the premium costs with post-tax income. All disability benefits are 0% taxable.

B. STANDARD TAX SERVICES

- The Hartford will withhold and deposit applicable and properly elected additional United States federal income taxes (FIT) and state income tax (SIT) as well as applicable Employee FICA taxes from disability benefits/sick pay. The Hartford will make timely filings with the appropriate United States federal and state agencies.
- The Hartford will deposit the taxes using The Hartford's tax identification number and will timely notify Policyholder/Employer of these payments. This notification is provided to you on the EOB (Explanation of Benefits).
- The Hartford assumes no responsibility for the Policyholder/Employer's share of FICA (unless FICA Match and W-2 Services are elected).
- The Hartford assumes no responsibility for any other payroll or employment related tax, fee, premium or the like including Federal Unemployment Insurance (FUTA) and State Unemployment Insurance (SUTA), State Disability Insurance, State or Local Occupational Taxes, other jurisdictional taxes such as municipal, city or county taxes, or any Workers' Compensation Tax which may be applicable to the disability benefits The Hartford is paying.
- The Hartford will prepare and deliver to Policyholder/Employer the annual summary reports of benefits paid.

C. OPTIONAL SELECTED TAX SERVICES

- If you have a payroll vendor, to avoid duplication of services, it is your responsibility to provide that vendor with notice of the applicable services The Hartford will provide as identified and selected below.
- Unless you specifically request different Optional Tax Services for different sub-groups of employees, we will apply the Optional Selected Tax Services as identified in Sections C.1 and C.2 below to all employees.

1. W-2 SERVICES

The following tax treatment applies to the following group of employees: ALL

- Policyholder/Employer authorizes The Hartford to prepare Forms W-2 for payees and file such forms with the appropriate United States federal and state agencies.
- The Hartford will postmark by January 31st of each year, or such other date required by law, Forms W-2 containing sick pay information to payees and make information return filings in accordance with federal and state requirements regarding income tax, Social Security, and Medicare tax.
- The Hartford will issue Forms W-2 using The Hartford's tax identification number.
- If the Policy is terminated, The Hartford will continue to provide Forms W-2 and make information return filings for disability benefits/sick pay payments on all claims incurred prior to termination of the Policy.

2. FICA MATCH SERVICE (W-2 Services must be authorized above if Policyholder/Employer authorizes FICA Match Services.)

The following tax treatment applies to the following group of employees: ALL

The following tax treatment applies to the following plan(s): Fully Insured LTD

- Policyholder/Employer declines The Hartford's FICA Match Service and will report and deposit its share of any FICA tax on benefits paid, if applicable.

D. GENERAL PROVISIONS

1. Changing Selected Tax Services

- Policyholder/Employer agrees that any service change regarding Forms W-2 must be requested in writing on or before November 15th of the current tax year. Any change in W-2 Services after November 15th may result in Employees receiving Forms W-2 after January 31st or possible duplicate forms issued from both The Hartford and Policyholder/Employer.
- Policyholder/Employer agrees that any service change regarding Employer FICA Match service will be effective on January 1st following the date on which a new Tax Service Agreement has been signed and submitted to The Hartford.

2. Accurate and Timely Information

- Policyholder/Employer agrees to provide The Hartford with accurate and timely information to enable The Hartford to provide Standard Tax Services and any Selected Tax Services, including all information necessary to determine the taxable portion of the benefits. Any and all changes regarding Section A above must be timely communicated to The Hartford and a new Tax Services Agreement will be executed. Submission by Policyholder/Employer of incorrect information related to the taxable portion of benefits which later requires The Hartford to retroactively correct claimant net benefits may result in fees payable to The Hartford to cover reasonable processing.

3. Hold Harmless

- Policyholder/Employer agrees to indemnify and hold The Hartford harmless from any and all liability, including but not limited to fines or penalties that may result from erroneous, incomplete, or untimely information provided by Policyholder/Employer to The Hartford in connection with the Standard Tax Services and any Selected Tax Services and The Hartford's performance of its duties under this Agreement.

4. Pricing for Selected Services

- Policyholder/Employer agrees that the Fully Insured FICA Match Service will require underwriter review. If selection of this Service results in a change in premium, The Hartford will promptly notify Policyholder.
- Policyholder/Employer agrees that the ASO W-2 and FICA Match Services will require underwriter review. If selection of this Service results in a change in fees, The Hartford will promptly notify Employer.

Kenton County Board of Education

Legal Name of Entity

Signature

Date of Signature

Name and Title of Authorized Signer