



## **Employee Achievement Award Plan**

The University recognizes the importance of rewarding or acknowledging an employee's service and performance. This plan establishes when and how the University will pay or reimburse the cost of employee achievement awards.

### **A. What Is An Employee Achievement Expense?**

An employee achievement expense is incurred for the purpose of rewarding or acknowledging an employee's performance or service. Typical employee recognition expenses include employee spotlight awards, years of service awards, and retirement and farewell awards. Employee achievement expenses may be considered to be taxable income and are subject to rigorous scrutiny by the Internal Revenue Service (IRS).

### **B. What Employee Recognition Expenses Are Allowable?**

In accordance with IRS guidelines, the following categories describe the types of recognition expenses that the University will pay or reimburse. Requests for reimbursement require an approved and completed Check Requisition Form with attached documentation.

#### **1. Employee Spotlight Awards:**

All employees are encouraged to submit nominations for the University's monthly employee spotlight award. A committee, representing employees from various departments, reviews the nominations and chooses two award recipients per month. The President's Office notifies the selected employees. These employees are awarded their choice of the following:

1. A day off with pay.
2. Reserved parking spot for the month.
3. A \$100 US Savings bond.

Of the above, the day off with pay is paid as a part of normal compensation. In addition, the US savings bond is taxed based upon the University's cost to purchase. However, parking for the month is not taxable as its value is less than the qualified transportation fringe benefit.

## 2. Employee Service Awards:

An employee service award is tangible personal property awarded to an employee for every five years of service<sup>1</sup> and at retirement. These awards are purchased and distributed by the Human Resources Department. The awards are given to employees at annual Employee Appreciation Events throughout the University's campuses. Reasonable non-monetary service awards are not taxable to the recipient.

## 3. Retirement/Farewell Awards:

With the requisite authorization, the University will pay or reimburse the cost of non-monetary awards within the following limitations:

Length of Service <sup>1</sup>	Maximum Amount	
	Retirement <sup>2</sup>	Farewell
5 – 9 years of service	N/A	\$100
10 -14 years of service	\$200	\$150
15 -19 years of service	\$300	\$200
20 or more years of service	\$400	\$250

Retirement and farewell awards should be given at a meaningful presentation. These non-monetary awards qualify as length-of-service awards under IRS regulations. Therefore, the awards are not reportable as income to the recipient. To qualify as a non-taxable award, the award must not be in the form of cash or a gift certificate.

<sup>1</sup>The full calendar year is used in determining eligibility for service awards. For example, individuals beginning their Webster career any month in 2005 are recognized in 2010 for five years of service.

<sup>2</sup>In accordance with University Benefit Policies, retirees are defined as employees who retire with at least 10 years of full-time service with the University and who are at least 55 years old at the time of retirement.

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