



The OAS Messenger

February 2008

Archbishop Buechlein

Please continue to keep the Archbishop in your prayers as he continues his fight against Hodgkin's Lymphoma.

2007 Health Savings Account Information on W-2

QUESTION: What does the amount reported as 'Code W' in Box 12 on the 2007 W-2 represent?

ANSWER: Code W represents Health Savings Account contributions by the employer PLUS contributions made by the employee through payroll deductions similar to the way the contributions are deducted from Archdiocese paychecks. This information appears to conflict with notes on the back of the employee W-2 which indicate Code W is, "Employer contributions to your Health Savings Account."

Clarification of this information is in Form 8889 Line 2 instructions. That form indicates contributions an employee makes through payroll deductions (similar to the way Archdiocese paycheck deductions are made) are treated as employer contributions.

Form 8889 allows taxpayers to report HSA contributions that may have been made in addition to contributions made through Archdiocese paycheck deductions, *such as deposits made to your account directly through Teacher's Credit Union*.

QUESTION: What does Form 1099-SA report?

ANSWER: Teacher's Credit Union administers our Health Savings Accounts and provides this form. It is used to report distributions from each HSA. A full explanation of the form and reported amounts is printed on the back of the form. The Archdiocese does not have control over this form or its contents. Please contact TCU with any questions, replacement copies, etc.

Teacher's Credit Union

(574) 284-6247

(800) 552-4745

Access their website for nearby branches and other information. www.tcunet.com

QUESTION: What does Form 5498-SA report?

ANSWER: This is another form provided by our HSA administrator, Teacher's Credit Union. It is used to report contributions to each HSA other than contributions made through Archdiocese paycheck deductions. A full explanation of the form and reported amounts is printed on the back of the form. The Archdiocese does not have control over this form or its contents. Please contact TCU with any questions, replacement copies, etc.

QUESTION: Where can I find help on how to handle HSA amounts on a personal tax return?

ANSWER: There are many resources that employees can contact with specific questions: these include tax professionals, tax software, IRS offices, and www.irs.gov.

2008-2009 Budget Guidelines

The 2008-2009 budget guidelines and appendices for parishes, schools and agencies will be available <http://www.archindy.org/finance/parish/guidelines.html> by March 1, 2008. If you would like to be on the e-mail distribution list that indicates the guidelines are posted, please contact Abby Kirchner at akirchner@archindy.org.

Tax Deduction for Pre-School?

Tuition for costs of daycare for children is generally tax-deductible. Daycare or Daycare Ministry is roughly defined as providing care for a child for more than 20 hours per week. Often, daycare includes a preschool component. Our preschools that are attached to elementary schools and meet two or three half-days per week do not meet the legal definition of daycare and are not eligible to register as Daycare Ministries or Licensed Daycares in Indiana, but have other requirements that must be met as part of state school accreditation. The tuition for these preschool programs is NOT tax deductible for the parents.

Retirement Savings Plan Improvements

In addition to an improved match (50% match up to 6% of pay saved), the Archdiocesan 403b savings plan now has lower fees and new investment options. In April, the plan will offer "target-date retirement funds" that invest according to your projected retirement date and re-balance your investments as you get closer to retirement. Employees who are saving with AUL will automatically be invested in these target-date funds unless they choose other investments by March 24th. Employees who are saving with Merrill Lynch will need to open accounts with AUL to keep saving after March 31st. Please contact Human Resources at hr@archindy.org or (317) 236-1594 with any questions.

Scam Alerts

PLEASE BE AWARE:

- The IRS warned that a current version of a scam e-mail which falsely claims to come from the IRS appears to be directed toward certain tax-exempt organizations. The IRS wanted to reiterate that it will never send unsolicited, tax account related e-mails to taxpayers.
- Some parishes have been receiving e-mails from priests or other professionals asking for donations over the Internet to various charities or estates. Some e-mails have also indicated that the unknown individual would like to donate to a specific school or parish. Please be advised when considering making or receiving a donation from an unknown person or organization.

Please let us know if you receive an e-mail regarding this subject by contacting Cody Whited at cwhited@archindy.org.

Scrip Credits

Many of our schools participate in "SCRIP" programs, where merchants issue "scrip" or coupons that are purchased in various denominations by parents and used the same as cash in the merchant's business. The school then receives a rebate from the merchant for a percentage of the scrip's value. One school has asked if these rebates can be used as credits toward the individual family's cost of tuition and would the application of this rebate toward the tuition constitute a "taxable event" for the parents that they would have to report on their tax return? Our archdiocesan accountants have checked with our outside independent auditors and they indicate that such tuition credits can be given and would not be taxable for the parents. Please contact the Office of Catholic Education at (317) 236-1430 with any questions.