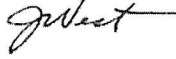




**DATE:** December 6, 2010

**TO:** University Employees with Cell Phone Plans Provided via the Allowance Program

**FROM:** Jeffrey J. West, Associate Vice President for Financial & Business Services   
Larry N. Dew, Assistant Vice President for Health Sciences – Finance   
Kevin B. Taylor, Director of Planning & Policy – UIT 

**SUBJECT:** Cell Phone Allowance Plan changes

Recent changes in federal tax law approved by Congress and effective beginning January 1, 2011 are necessitating a change in how we administer the University's cell phone allowance program. Currently, you receive a monthly allowance to cover costs associated with the "business use" portion of your phone bill, which is included in your taxable earnings. With the new law, these payments will no longer be taxable earnings to you and will now be termed "reimbursements." The process to effect these changes to our program will begin shortly and will be completed in the Spring. To reflect the change, Policy 4-005 *Use and Security of Property* and the related guidance found in Section IV. of that document (see <http://www.regulations.utah.edu/it/4-005.html>) will be modified. In addition, the following changes will take place:

- The separate paycheck you have been receiving on or around the 22<sup>nd</sup> of each month (the cell phone allowance) will be discontinued. Beginning with the January 21, 2011 paycheck, it will be incorporated as a reimbursement in your regular paycheck. The payment amount will no longer be taxable earnings to you.
- Through March 2011 the reimbursement amount will continue to be approximately the same amount (net) that you have been receiving on a regular monthly basis. The new reimbursed amount will be calculated by taking 30% off your current allowance gross amount (e.g. if your allowance amount is \$50, your reimbursement will be \$35). You will see that this comes very close to your current net amount.
- During the first three months of 2011, you will be required to justify your business use and reapply to the program by completing a new agreement. New guidance will be issued soon on how (working together with your supervisor) you can determine the appropriate reimbursement to cover the "business use" portion of your phone bill. Standardized amounts will most likely define the reimbursement choices under the new program.

- New agreements entered into before April 1, 2011 will result in a reimbursement amount (perhaps different in amount to what you have now) paid to you beginning with the 4/22/2011 paycheck.
- Failure to complete a new agreement by April 1, 2011 will result in a termination of your reimbursement, until such time as a properly approved agreement can be entered into the system.

Other details will follow shortly, including guidance on determining an appropriate reimbursement amount, along with a new Policy 4-005 document and related forms and procedures. In the meantime, if you have questions or concerns, please feel free to contact one of us. Thank you.