

As of January 1, 2012, University cell phone stipends will be considered non-taxable, in accordance with IRS Notice 2011-72. For employees that currently receive a cell phone stipend, the amount of the **NET** payment (take home amount) will change very little. Current stipend amounts were originally increased to cover the tax (federal, state and FICA) that was withheld from the gross stipend amount. Effective January 1, 2012, cell phone stipend amounts will be restated to original net amounts for an average plan less any original increase to cover tax withholdings. NEW stipend amounts compared to the amounts prior to January 1, 2012 is provided below:

	Current Stipend Amount effective 7/21/07			NEW Stipend Amount effective 1/1/2012
	Net Stipend Amount	Gross-up Amount to cover tax <i>(federal, state and FICA)</i>	Gross Stipend Amount	Stipend Amount
<b>Voice Only:</b> 75% of cost	\$25.49	\$19.51	\$45.00	\$30.00
<b>Data Unlimited &amp; Voice</b> 75% of cost	\$63.74	\$41.26	\$105.00	\$64.00

As reflected in the above chart, the NEW stipend amounts are very similar to the net stipend that employees received prior to January 1.

Employees should keep in mind that the original University cell phone stipend program was designed to cover approximately 75% of the cost of an average plan. Actual plan costs with local vendors have been reviewed to ensure that the stipend still represents approximately 75% of the cost of an average plan. However, approvers need to ensure that no cell phone stipend exceeds the total cost of an individual employee's plan.

Current cell phone stipends will stop effective December 31, 2011, and all employees approved to receive a cell phone stipend will need to complete a new Cellular Services Stipend Authorization Form to continue to receive a stipend. These forms are available at

[http://campus.murraystate.edu/administ/accounting/Luminis/Cell\\_Phone\\_Authorization\\_Form\\_nontax.pdf](http://campus.murraystate.edu/administ/accounting/Luminis/Cell_Phone_Authorization_Form_nontax.pdf).

Updated Cellular Stipend Procedures are available at

[http://campus.murraystate.edu/administ/accounting/Luminis/Cell\\_Phone\\_Procedures\\_nontax.pdf](http://campus.murraystate.edu/administ/accounting/Luminis/Cell_Phone_Procedures_nontax.pdf). New authorization forms will need to be completed and delivered to the Payroll Office, 2nd Floor Sparks Hall or scanned and emailed to [sjennings@murraystate.edu](mailto:sjennings@murraystate.edu) by the end of the day on January 20, 2012.

Emails regarding this change will be sent to each employee that currently receives a stipend. Please direct any question regarding the stipends to Stephanie Jennings at 809-4175 or Jackie Dudley at 809-4126.