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**PAYROLL WITHHOLDINGS POLICY**

Pathways Academy Adult Education (“PAAE” or “Charter School”) adopts this Payroll Withholdings Policy and shall make all appropriate and required payroll deductions on behalf of its employees. PAAE shall withhold any required deductions from each applicable employee’s pay as follows:

1. **Federal Income Tax Withholding:** The amount varies with the number of exemptions the employee claims and the gross pay amount.
2. **State Income Tax Withholding:** The same factors which apply to federal withholdings apply to state withholdings.
3. **Social Security and Medicare (FICA):** The Federal Insurance Contribution Act requires that a certain percentage of employee earnings be deducted and forwarded to the federal government, together with an equal amount contributed by PAAE. Social Security and Medicare deductions apply to classified, non-certificated and non-creditable positions.
4. **State Disability Insurance (SDI):** This state fund is used to provide benefits to those out of work due to illness or disability.
5. **Retirement System Contributions:** Employee and applicable employer contributions will be deducted and remitted to the appropriate retirement system in accordance with state and federal laws.
6. **Employee Benefits:** For all employees participating in employee benefits offerings such as health insurance, the employee contribution for benefits (the amount that exceeds the employer’s contribution towards benefits) will be deducted from the employee’s paycheck through an approved deduction authorization agreement.

Upon hire, all employees are required to complete a W-4 and a DE 4 form. Employees may elect and/or change the number of withholding allowances claimed for Federal Income Tax purposes at any time by filling out a new W-4 form and submitting it to payroll. All Federal, State, and Social Security taxes will be automatically deducted from the employee’s paychecks as stated on the employee’s W-4 and DE 4 forms. It is the employee’s responsibility to report any changes in filing status to payroll and to complete a new W-4 form when necessary.

Every deduction from an employee’s paycheck will be itemized on the pay stub. At the end of the calendar year, a “withholding statement” (W-2) will be prepared and forwarded to each employee for use in connection with preparation of income tax returns. The W-2 will indicate all required information, including the total taxable wages and the amounts withheld for Federal, State, Social Security taxes.