



City of Dublin

Office of the City Manager

5200 Emerald Parkway • Dublin, OH 43017-1090
Phone: 614-410-4400 • Fax: 614-410-4490

Memo

To: City of Dublin employees
From: Homer C. Rogers Jr., Human Resources Director
Date: January 15, 2016
Re: IRS Regulations for Incentives

Background

In late 2015, the City's legal advisors from Frost Brown Todd reviewed our Healthy By Choice (HBC) wellness program incentives and determined that in order to meet IRS guidelines, we must make some adjustments. All incentives given under HBC are now subject to federal income tax withholding under the Internal Revenue Code.

Action

Employees will be required to pay taxes for the following wellness incentive offerings:

- Dublin Community Recreation Center (DCRC) memberships provided to all full-time employees and spouses
- DCRC fitness classes, employee small group training, and services redeemed using HBC Points
- Event tickets including Dublin Irish Festival and Abbey Theatre
- Merchandise including clothing, earbuds, yoga mats and duffel bags
- Gift cards

Employees who wish to keep their DCRC membership will be taxed at their current W-4 withholding allowance. This will be reflected on the employee's current W-2 withholding statement. The cost of the membership and any chosen incentives will be added to an employee's gross income on their paystubs.

Employees may cancel their membership through DubNet by Friday, January 29th at 5:00 pm (<http://dubnet.dublinohiousa.gov/uncategorized/taxable-wellness-incentive/>). Those employees will have the option to reestablish a membership only through open enrollment in October for a 1/1/17 effective date. Employees will continue to have access to workout facilities located at the Service Center, 5800 Building, and the Justice Center (spouses and the general public do not have access to these locations) with no tax implications. Employees using these facilities will need to complete a safety orientation provided by the Human Resources Department.

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For your convenience, attached is a chart listing the HBC Program incentives and their associated values for federal income tax withholding purposes. If there are further questions, please contact Jason Nahvi, Benefits Administrator at x4467 or jnahvi@dublin.oh.us.