

Employee Recognition: Awards and Events

Employees

Employee recognition is a positive tool for the management of the University. Recognition is achieved through University events (such as the Faculty Gala and the Staff Christmas Luncheon), departmental events, and ad-hoc recognition of employees by their managers.

Employee awards and gifts are, by law, taxable to the employee. There are some notable exceptions to this rule. Gifts associated with five-year employment anniversaries, retirement, or the achievement safety goals are exempt from taxation, provided that they meet the following criteria:

- Employment anniversary awards that are provided and presented by Human Resources or the Provost.
- Non-cash prizes, including gift cards, awarded through drawings at University events are considered *de minimis* fringe benefits and are not taxed.
- Retirement awards of a tangible item, with a value of \$400 or less, given to retiring employees with at least 15 years of service to the University at age 55 or older.
- Safety program awards subject to advance review and approval by the Controller's Office and approved by an officer of the University.

Awards may be made outside of the above situations only with the prior approval of an officer of the University. Note that such awards may be taxable income to the employee.

Departments may conduct occasional employee events and parties to recognize holidays and the achievement of departmental goals. While personal celebrations such as births, birthdays, marriages, and graduations may be conducted during business hours with the permission of the appropriate manager, University funds may not be used to sponsor the events or to provide gifts for employees. In keeping with the University's community spirit, cards and flowers may be used to express the collective thoughts of a University Department in the case of serious illness or unusual special events.

Ad-hoc employee recognition may be given to individual employees or departments in the form of public or private praise and acknowledgment. Positive performance should be reflected in annual performance reviews and salary adjustments. In general, recognition

awards of cash, gift cards or tangible items should be avoided. Any exception to this policy must be approved in advance by an officer of the University and any such award may be taxable income to the employee.

Students

Awards of cash and gift cards to students are taxable income to the recipient; however, withholding is not required. Such awards should be kept to a reasonable level and must be reported to the Office of the Controller as aggregate award amounts exceeding a threshold defined by the IRS are reportable on a 1099-MISC.

Recognition of students as student employees should follow the policy set forth under Employee Events and Recognition.

Gift cards of \$50 or less may be used to acknowledge participation of students as subjects in scientific or other similar studies.

IMPORTANT NOTE: Events involving students must comply with all policies set forth by Student Affairs.