

Cellular Phone Allowance Policy

Policy: Effective 4/1/13, La Sierra University will offer a non-taxable allowance for business-related cellular phone expenses on a monthly basis to its employees that meet **one or more** of the following criteria¹:

1. Employee must be responsible for making critical decisions directly related to the University (i.e., academic, financial, administrative, or corrective-action).
2. Employee must be able to be reached beyond normal business hours or on weekends on a regular basis (i.e., on-call).
3. Employee must have job responsibilities that require the employee to be out of the office more than 50% of their normal working day, thus requiring a cellular phone to be contacted.
(Simple convenience is not a criterion for granting a monthly cellular phone allowance.)

Group 1	Vice Presidents	\$150 monthly allowance	Bi-annual \$300 equipment allowance (\$12.50 monthly)	Total monthly \$162.50*
Group 2	Academic Deans, Associate Vice Presidents, Recruiters, IT, and Associate Provost	\$100 monthly allowance	Bi-annual \$200 equipment allowance (\$8.34 monthly)	Total monthly \$108.34*
Group 3	Residence Hall Deans, Associate Deans and Department Directors	\$75 monthly allowance	Bi-annual \$150 equipment allowance (\$6.25 monthly)	Total monthly \$81.25*
Group 4	Remaining LSU employees meeting the above criteria or deemed necessary	\$50 monthly allowance	Bi-annual \$100 equipment allowance (\$4.17 monthly)	Total monthly \$54.17*
Group 5	Remaining LSU employees meeting the above criteria or deemed necessary	\$25 monthly allowance	Bi-annual \$25 equipment allowance (\$2.08 monthly)	Total monthly \$27.08

* iPad allowance included in monthly allowance amount if applicable.

¹ The allowance must be approved by the employee's Dean or Vice President

Purpose: The purpose of this policy is to provide a streamlined method and efficient process for providing reimbursement of business-related cellular phone expenses to eligible LSU employees, while remaining compliant with IRS rules and regulations. The allowance policy is a practical method that will eliminate the need for an individual log of the time, amount, and business-purpose of each business-related cellular phone call made on a personal cell phone with intent to be reimbursed.

Process:

The employee will receive a cellular phone allowance to be paid monthly by the Accounts Payable department. This allowance does not constitute an increase to base pay and will not be included in the calculation of percentage increases to base pay due to annual raises, promotions, etc. This allowance must be approved by the employee's Dean or Vice President, based on the aforementioned criteria. In order to obtain this allowance, the employee must complete an allowance request form and return the completed form to the Controller's office.

The employee is prohibited from collecting a monthly cellular phone allowance or bi-annual equipment allowance when one's cellular phone device is no longer active or needed for the performance of the employee's job responsibilities. If there are any changes in employee status that necessitates a change in the allowance amount or cancellation of the allowance, the Controller's Office is required to be notified, by email or in writing, and a new allowance form may be required based on these changes.

The cellular phone equipment allowance includes all related accessories such as batteries, cases, covers, chargers, etc. For group 3, 4 and 5, text messaging and calling capabilities are required and covered by the monthly allowance. For group 1 and 2, data plans, email, text messaging and phone capabilities are required of the employee and thus, covered by the monthly allowance.

Frequently Asked Questions (FAQs)

1. Why is La Sierra University treating my cellular phone allowance as a non-taxable benefit?

Per IRS memos released in September of 2011, cell phone reimbursement is no longer a taxable, fringe benefit. Some regulations and exclusions apply. See FAQ #8 for links to these documents.

2. Why can't we use an expense report for reimbursement of cellular phone expenses, as we have done in the past?

While we have allowed for reimbursement of cellular phone expenses through expense reports in the past, our allowance method will eliminate the need for monthly expense reports, significantly reduce the paperwork necessary for reimbursement, and provide the employee with a more efficient means of receiving "reimbursement" for business use of his/her personal cellular phone.

3. How do I know if I am eligible for a cellular-phone allowance?

Your Dean or VP will be responsible for determining whether an employee should receive a cellular phone allowance using the table above.

4. Can I use my cell phone for personal calls?

Yes.

5. What if my cell phone is lost, stolen, or damaged?

We recommend using a portion of your monthly allowance to purchase insurance for your cell phone. However, the University will provide a one-time (per two-year contract) reimbursement of the replacement costs of your phone of \$100 for Group 1 and 2 and \$50 for Group 3, 4, and 5.

6. Will the cash allowance and bi-annual equipment allowance be included in my income for calculating my retirement or other benefits?

No. The cash allowance and bi-annual equipment allowance will not affect your retirement calculations or benefits in any way.

7. Which office should I contact if I have questions about my cellular phone allowance?

Please contact Natarkia Williams at 951-785-2904 or by emailing nwilliam@lasierra.edu or gwillis@lasierra.edu with any questions.

8. Where can I locate information pertaining to cell phone taxation?

Here are several links below that are related to cellular phone taxation:

<http://www.irs.gov/newsroom/article/0,,id=245741,00.html> (IR-2011-93)

<http://www.irs.gov/pub/foia/ig/sbse/sbse-04-0911-083.pdf>

<http://www.irs.gov/pub/irs-drop/n-11-72.pdf> (IRS Notice 2011-72)

9. I am a supervisor. How will I determine how much my employee will receive for the monthly cellular phone allowance?

Please see the table above. The cellular phone allowance table has dollar amounts that have been deemed acceptable by University Administration.

10. Do I have other options for receiving compensation for my cellular phone expenses?

No. In order to stay consistent, as well as IRS-compliant, this is a blanket policy and will be applicable to **all** LSU employees. If you choose not to adopt this policy, you will be responsible for payment of your cellular phone expenses without the aid of an allowance or reimbursement of those expenses.

11. How do I begin receiving my monthly cellular phone allowance?

Complete the attached cellular phone request form, obtain the appropriate signatures, and return it to the Controller's Office. If the form is completed properly and approved, the allowance will be applied starting the first Tuesday of the following calendar month. The allowance will continue to pay on the first Tuesday of each month until terminated.