



Cash-in-Lieu Reminder

As the new fiscal year approaches, we would like to remind you of the **Cash-in-Lieu (CIL)** documents available to school districts and local unions.

Reminder: Cash-in-lieu **was addressed** in 2021 by the Statewide Bargaining Commission. Employees who are employed by a public school, and are covered by VEHI through another public school entity as a dependent to a parent, spouse or domestic partner, are **not eligible** for a CIL benefit. You can find the legal opinion on the Commission decision [here](#).

IRS guidance includes provisions that permit employers, if specific health plan certification measures are satisfied, to avoid issues that could arise with CIL payments in respect to three key issues:

- (a) employer health plan “**affordability**”;
- (b) the question of what is or is not an “**incidental**” CIL payment; and
- (c) the effects of CIL payments on **wages, overtime and other employee benefits**.

The certification guidance is pertinent and useful both to districts that have long-standing CIL arrangements (and, thus, are subject to “**safe harbor protections**” delineated in the IRS rules) and to **newly merging districts** that do not fall under the safe harbor protections.

Click [HERE](#) for the model certification document, Gallagher Compliance Spotlight and a CIL flow chart.

If you have questions, please contact VEHI Trust Administrator Bobby-Jo Salls (bobbyjo@vsbit.org) or the compliance helpdesk at VEHIhelp@ajg.com.

[This notification has been sent to School Business Officials, Health Plan Contacts and Human Resources.](#)

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