



Cash-in-Lieu Reminder

As open enrollment approaches for most districts, we would like to remind you of the **Cash-in-Lieu (CIL) guidance memorandum** available to school districts and local unions.

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 new IRS rules) and to **newly merging districts** that do not fall under the safe harbor protections.

This memorandum also includes CIL guidance on the timing of payments, non-discrimination requirements and testing, and Section 125 Plans.

Although the new federal guidance is labeled “final,” the IRS has indicated it may release further comments and possible changes to the rules in the future. If that happens, we will certainly let you know.

Click [here](#) for the updated CIL memo

Click [here](#) for a model certification document

Click [here](#) for a flow chart

If you have questions, please contact VEHI Trust Administrators Bobby-Jo Salls (bobbyjo@vsbit.org) or Mark Hage (mhage@vtnea.org).

This notification has been sent to School Business Officials, Health Members, Local Union Leaders and Human Resources.

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52 Pike Drive
Berlin, VT 05602
(802) 223-5040

