# Tuition Benefits Overview
(For benefits-eligible staff and faculty)

Please visit [https://www.cmu.edu/hr/benefits/benefit_programs/tuition/](https://www.cmu.edu/hr/benefits/benefit_programs/tuition/) for more information.

<table>
<thead>
<tr>
<th>Employee Tuition Benefit Features</th>
<th>Courses Taken At Carnegie Mellon</th>
<th>Courses Taken At Another Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td><strong>Staff/Special Faculty</strong>: Benefits-eligible full-time or part-time staff who have satisfactorily completed six months of benefits-eligible employment on or before the first day of the full semester on the Pittsburgh campus. <strong>Faculty</strong>: Benefits-eligible full-time faculty.</td>
<td><strong>Staff/Special Faculty</strong>: Benefits-eligible full-time staff who have satisfactorily completed six months of benefits-eligible employment on or before the first day of the full semester on the Pittsburgh campus. <strong>Faculty</strong>: Benefits-eligible full-time faculty who are employed by Carnegie Mellon on the first day of the full semester on the Pittsburgh campus.</td>
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<tr>
<td><strong>Number of Classes</strong></td>
<td><strong>Full-Time Faculty and Staff</strong>: two courses at any one time per term* (at one or multiple institutions). <strong>Part-Time Staff</strong>: one course at any one time per term* at Carnegie Mellon only.</td>
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<tr>
<td><strong>Benefit Level</strong></td>
<td>100% tuition remission</td>
<td>50% tuition assistance</td>
</tr>
<tr>
<td><strong>Course Content</strong></td>
<td>Any.</td>
<td>Career-related or part of a career-related degree program.</td>
</tr>
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<tr>
<th>Undergrad Tuition Taxes (Employee or Dependent Benefit)</th>
<th>Courses Taken At Carnegie Mellon</th>
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<tr>
<td>Undergrad Tuition Taxes (Employee or Dependent Benefit)</td>
<td>No taxes paid on tuition benefit.</td>
<td>State and Local Taxes calculated and deducted based on approved tuition amount.</td>
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</tbody>
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<table>
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<th>Grad Tuition Taxes (Employee Only Benefit)</th>
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<th>Courses Taken At Another Institution</th>
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<tr>
<td><strong>Taxed at</strong>: 25% Federal after benefit reaches $5,250.00 or more 6.2% OASDI*, and 1.45% Medicare tax deducted on Imputed Income amount after $5,250.00**</td>
<td><strong>Taxed at</strong>: 25% Federal after benefit reaches $5,250.00 or more 6.2% OASDI*, and 1.45% Medicare tax deducted on amount after $5,250.00** Applicable state/local taxes on full tuition benefit amount approved by CMU.</td>
<td></td>
</tr>
</tbody>
</table>

**Graduate courses taken at CMU will be taxed when they exceed $5,250.00 in the calendar year**  
**Graduate level courses taken at another institution** will be taxed when they exceed $5,250.00 in the calendar year for Federal, but fully taxed for State/Local taxes.  
*OASDI will stop once your YTD taxable income reaches the limit, which is $127,200 for 2017 and $128,400 for 2018.**  
**Medicare tax rate increases to 2.35% if your income is over $200,000 for the year in 2017 and 2018.
Payroll will receive the tuition amount to process when your tuition remission application is APPROVED by CMU Works.

Any adjustments to your course (add/drop after initial application) REQUIRE you to notify cmu-works@andrew.cmu.edu as we do not receive any notification automatically, and you may be impacted for the taxes at a later date if you wait for Student Accounting to notify us.

**Graduate Course Taxation and Payroll Considerations:**

Federal taxes withheld will result in an estimated 33% on that tuition benefit* after the $5,250 exclusion for the year. This applies to CMU AND outside schools. The tuition benefit is divided over 3 pays for Monthly, and 6 pays for Biweekly associates. If you are hourly, please make sure you have enough hours to cover for the taxes withheld, or you may result in a net pay of zero, or less than you expected.

For example, if you take graduate courses at CMU for the first time in the year, the calculation breaks down as follows:

- Semester 1 in 2017 tuition for 2 classes: $14,520.00
  - Education exclusion: $-5,250.00
  - Total for imputed income: $9,270.00

If you are monthly, the amount is imputed over 3 pays, or $3,090.00 per pay. The taxes withheld will be approximately 33%, which calculates to around $1,019.00 deducted from your pay for the 2 CMU courses.

Future semesters will be imputed at 100% tuition cost, which is then taxed at the 33% tax for Federal and FICA.

**Example 1:**

**Employee salary: $4,000.00 Monthly**

**After taxes and deductions: $3,000.00 Net Pay**

Tuition Benefit income: $14,520 - $5,250 = **$9,270 / 3 pays = $3,090.00 imputed income/pay**

Calculated tax on $3,090.00 = $1,019.00 (estimated)

**Estimated NEW net pay = **$1,981.00 approximate take home pay

**Example 2:**

**Biweekly Employee: $1,500.00 Biweekly**

**After taxes & deductions: $900.00 Net pay**

Tuition Benefit imputed income: $14,520-$5250 = **$9,270 / 6 pays = $1,545.00 imputed income/pay**

Calculated tax on $1,545.00 = $509.85 (estimated)

**Estimated NEW net pay: **$390.15 approximate take home pay

Future semesters in the same calendar year do NOT receive the reduction of the $5,250 to the initial tuition benefit, so you will be taxed on the full amount of your reimbursement. Please take that into consideration when signing up for courses and submitting your tuition remission.
State Tax Considerations:

Please check with your individual state to determine if education benefits are taxable to you. You may have to add this income to your state tax return and pay required taxes if your current tax withholding does not cover the amount due to your state.

IRS Working Condition Fringe Benefits:

Tuition benefits may be tax-free if they represent a working condition fringe benefit under IRS regulations. While Carnegie Mellon University is required to withhold federal taxes on graduate tuition benefits that exceed $5,250 in a calendar year, employees may consult with their tax advisor to determine if they qualify for any exemptions when filing their tax return.

Carnegie Mellon University will not assist you in determining if the benefit is tax-free, or change the current application of the taxes on your benefit if you determine that it does qualify for the IRS working condition fringe benefit.