

TOWNSHIP OF TEANECK

INTER-OFFICE COMMUNICATION

DATE: October 17, 2008

TO: All employees waiving Health Benefits

SUBJECT: Tax treatment of payments

Under IRS regulations this payout is considered a taxable event and Township is required to tax these payments. The first payment is going to be made through payroll on October 30. You will see a separate amount that represents your payment in the gross wages section of your paycheck stub. The first payment is cumulative from your opt out data through October. Beginning in November, the payment will be made on the last payroll of the month.

---

Anthony Bianchi, CPA, CMFO

Chief Financial Officer