



Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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MMARS Policy: Payroll

Issue Date: July 1, 2004

Date Last Revised: November 1, 2006

Mandatory and Voluntary Deductions: Ufund

Executive Summary

UFund: Qualified Tuition Program (QTP)

The Ufund is a voluntary plan that allows employees to authorize a post-tax deduction from their net pay to save for college, graduate school, and other forms of higher education.

The Ufund College Investing Plan was established by the Massachusetts Educational Financing Authority (MEFA), an independent authority and public instrumentality of the Commonwealth of Massachusetts, and is administered by the State Treasurer. Ufund is a Qualified Tuition Program (529 Plan). 529 Plans, named after the federal Internal Revenue Code Section 529 that gave these accounts special tax status, are specifically created for college savings.

Considerations

This policy applies to all Commonwealth Branches and Departments.

Policy

UFund Deductions

- Are administered by the Office of the State Treasurer;
- Are offered to all Commonwealth employees;
- Are available through an employee's payroll office;
- Are deducted in the first two pay periods of each calendar month, for a total of 24 deductions per year;
- Are available on a voluntary post-tax basis.
- Employee signs form issued by approved vendor.

Forms and additional information can be found at the State Treasurer's website at:

http://personal.fidelity.com/planning/college/content/landing_ma.shtml.cvsr

Deductions Not Sent

If a payroll deduction for the UFund cannot be processed due to payroll funding delays, processing delays, or for any reason, no credit will be awarded until the next scheduled payroll cycle date. In the event that a scheduled deduction cannot be processed, contributors will receive a deduction refund via check and instructions to contribute directly to the UFund administrator.

Deductions Not Received

Check refunds will be provided in cases where deductions are withheld but not applied because the employee has not established an account with the vendor. Employees will need to reestablish authorization for any future deductions. In the event that UFund deductions cannot be applied, for reasons related to market availability, such deposits will be applied as soon thereafter.

Internal Controls

Information Sources

- Related Procedure – None
- Legal Authority
 - 26 USC § 529 “Qualified Tuition Programs”
 - IRS Publication 970, “Tax Benefits for Higher Education” (Cat.No. 25221V)
 - IRS Publication 553, “Highlights of 2001 Tax Changes” (Rev. January 2002)
 - Massachusetts General Laws, Chapter O, Section 17L – State Tuition Program
- Attachments - None
- Links - None
- [Contacts – CTR Help Desk](#)

- **November 1, 2006** – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.