



THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Personnel	Number:	201.42
		Revised:	7/1/05
SUBJECT:	Perquisites	Date Issued:	
		Review Date:	7/1/09
		Attachment(s)	0
APPLIES TO:	Regular Employees		
ISSUED BY:	Personnel Office and the Office of the Provost and Vice President for Academic Affairs		

I. Policy

When staff members are furnished maintenance of significant value, such as room and board, wages paid will be reduced from the regular rate by the fair market value of the maintenance.

II. Regulations and Definitions

- A. Staff members living in University-owned structures as a part of their job must have a perquisite determined on an annual basis. Any staff member receiving meals or other personal services of significant value will also be assigned a perquisite.
- B. Perquisites are authorized and reviewed annually by the appropriate Compensation Section of the Personnel Office and the operating unit.
- C. Perquisites are subject to Social Security taxes.
- D. A lodging perquisite is not subject to federal or state income tax only when:
 - 1. It is furnished on that portion of the premises of the University where the staff member performs a significant portion of assigned duties.
 - 2. It is furnished for the convenience of the University.
 - 3. The staff member is required to accept the lodging as a condition of employment.
- E. A meal perquisite is not subject to federal or state income tax only when:
 - 1. It is furnished for the convenience for the University.
 - 2. The staff member does not have a choice of providing meals in another manner.
- F. Perquisites are considered in determining benefit plan eligibility levels, but are not subject to retirement plan deductions and contributions.



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III. Procedure

RESPONSIBILITY

ACTION

A. To effect a perquisite:

Supervisor

1. Notify Compensation by memorandum that the staff member is, or will be, living in a University-owned structure or receiving board as part of the job.

Staff Records

2. Prepare Change of Status form with compensation reduced by the amount of the perquisite and transmit copies to Payroll and the operating unit.

Supervisor

3. Receive confirming Change of Status and communicate action to the staff member.

B. To retract a perquisite:

Supervisor

1. Notify Staff Records by memorandum that the staff member is no longer living in a University-owned structure or receiving board as part of the job.

Staff Records

2. Prepare Change of Status and transmit to Payroll and the operating unit.