**Employee Retirement Gifts**

Gifts and awards are given to IU employees for various reasons. The most common reason for a gift to an employee on behalf of the University is for “length of service” or “retirement”. Gifts and awards given to employees are taxable at the fair market value of the gift unless they meet certain conditions. To be considered non-taxable the following conditions must be met:

* Gift must be tangible personal property
* Gift/award must be given to a current employee
* Gift must be given as an employee achievement award
  + For IU, this means the employee must have worked at IU for at least 5 years, or have a “retiree” status
* Gift must be awarded as part of a meaningful presentation
* Gifts given to employees that do not meet the criteria above will be considered taxable income to the employee and will be added to the employee’s Form W-2 for the applicable year.

See Indiana University policy:  [FIN-ACC-I-590: Gifts to Employees or Non-Employees](http://policies.iu.edu/policies/categories/financial/accounting-administration/FIN-ACC-I-590-gifts-to-employees-or-non-employees.shtml) and [IRS Publication 15-B](http://www.irs.gov/pub/irs-pdf/p15b.pdf) for further information on “Achievement Awards."