

Reminder

A monthly guide about IMRF topics of interest.

Definition of IMRF Earnings

Route to:

- Authorized Agent
- Asst. to AA
- Personnel/HR
- Data Processing
- Payroll Dept.
- Accounting/Finance
- Other

Compensation for IMRF earnings purposes falls under a basic rule: most forms of compensation paid from the start of employment through the first calendar month after the end of employment are considered IMRF earnings. Generally, wages are reported to IMRF when paid—not earned.

For members participating in Regular Tier 1, SLEP Tier 1, and Revised ECO Tier 1, earnings do not include any compensation in excess of \$245,000 in 2011 (\$250,000 in 2012). This limit is set by the IRS annually and does not apply to members who began participation before 1996.

For members participating in Regular Tier 2, SLEP Tier 2, and Revised ECO Tier 2, earnings do not include any compensation in excess of \$106,800 in 2011 (\$108,882.60 in 2012). For SLEP Tier 2 members, overtime is not considered IMRF earnings.

Common problem wage types

A few types of compensation often cause confusion:

- IMRF Earnings:
 - The value of personal use of employer-provided automobiles.
 - Supplements paid by the employer directly to the member in addition to workers' compensation. Such supplemental payments also make the member's workers' compensation benefits reportable wages.
- **Not** IMRF earnings:
 - Payments for health insurance premiums or for the value of health insurance.
- IMRF earnings **only** if your employer has a resolution on file with IMRF:
 - Section 125 Cafeteria Plan contributions
 - Taxable expense allowances, like payments for uniforms and clothing, and the business use of a personal cellular phone.

When should you stop reporting wages after a member terminates employment?

You should report to IMRF wages paid to a member through the calendar month after his or her date of termination.

- For example, if an employee terminates on June 15, but is paid for sick, vacation, or personal time in July, those earnings are reportable to IMRF. However, if the member's earnings are paid in August or later, those earnings are not reportable to IMRF.
- Another example: If a member retires on June 30, but receives compensation in July and in August, the July payment is reported to IMRF, but the August payment is not. Also, the member will receive his or her July pension payment even though earnings are reported for July.

Details in AA Manual

A detailed list of IMRF Earnings is available online in the Manual for Authorized Agents, Section 3.96 A., Earnings Definition. If you have questions about whether earnings should be included in IMRF wages, contact IMRF Member Services Representatives at 1-800-ASK-IMRF.



Employer Access, current forms, booklets, legislative information and more available at www.imrf.org

Mailing address: 2211 York Road, Suite 500, Oak Brook, IL 60523-2337

Member Services Representatives: 1-800-ASK-IMRF (1-800-275-4673) Monday through Friday 7:30 a.m. to 5:30 p.m.