



Overview of Optional Wage Resolutions

SECTION 125 CAFETERIA PLANS

Cafeteria plans may be established under Section 125 of the Internal Revenue Code. Unless an employer acts to allow reporting, compensation paid under a cafeteria plan is not reportable to IMRF, with the exception of a cash option.

If the employer wants non-cash compensation under a 125 plan to be reported to IMRF, the employer's governing body must pass a resolution to that effect. With the resolution, items of compensation included in the 125 plan or flexible spending account are reported to IMRF, if they would be reported when paid outside of a 125 plan or flexible spending account.

A suggested form, "Resolution to Include Compensation Paid Under an IRC Section 125 Plan as IMRF Earnings," for a resolution to include otherwise non-reportable cafeteria plan compensation in IMRF earnings, is attached to this notice. This resolution, when adopted, may not be changed or revoked for current employees but only for new hires.

RETIREMENT HEALTH SAVINGS PLANS

Retirement Health Savings Plans are employer-sponsored health benefit savings vehicles that allow pre-tax savings for the cost of medical expenses (health insurance premiums, co-pays, prescription costs, etc.) after retirement.

Contributions to a Retirement Health Savings Plan are not included as IMRF earnings, and therefore not reportable to IMRF.

If the employer wants to report to IMRF the compensation directed into the Retirement Health Savings plan, its governing body must let IMRF know by adopting a resolution, "Resolution to Include Compensation Directed into a Retirement Health Savings Plan as IMRF Earnings." A form has been included with this notice.



TAXABLE EXPENSE ALLOWANCES

Expense allowances are not included as IMRF earnings, and therefore not reportable to IMRF. However, an employer may elect to include taxable expense allowances in IMRF reportable earnings. The governing body must adopt a resolution to include taxable expense allowances as IMRF earnings by adopting a resolution (IMRF Form Resolution "Resolution to Include Taxable Allowances as IMRF Earnings").

If prior to November 17, 2017, an employer adopted a resolution allowing IMRF reporting of vehicle allowances, the employer can only report those allowances for employees who first began IMRF participation with that employer before August 25, 2017. IMRF will not accept any new employer resolutions for vehicle allowances on or after November 17, 2017.

Non-taxable expense reimbursements are not included as earnings and are not to be reported to IMRF. This is true even if an employer elects to make taxable expense allowances reportable.

CASH RELATED TO HEALTH INSURANCE

Either of the following payments related to health insurance or healthcare benefits are IMRF reportable earnings, provided that an IMRF employer's governing body passes a resolution allowing cash payments for health insurance to be reported as IMRF earnings.

- Cash payments made separately from salary and made in lieu of employer-provided health insurance.
- Cash payments made separately from salary and made in association with or related to healthcare benefits.

If an employer offers cash payments in lieu of or related to healthcare benefits as mentioned above, the employer is required to pass a resolution allowing cash payments for health insurance to be reported as IMRF earnings. The resolution must be kept on file with IMRF. The employer may use IMRF Form "Suggested Resolution to Include Cash Payments Related to Health Insurance as IMRF Earnings" or the governing body may draft and adopt their own resolution that is consistent this sample resolution.